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ZEALAND OR JAPAN**

**24 September 2009**

**Songbird Estates plc (“Songbird” or the “Company”)**

**PROPOSED PLACING AND COMPENSATORY OPEN OFFER, ISSUE OF PREFERENCE  
SHARES AND NEW CREDIT FACILITY (THE “FUNDRAISING”)  
TO RAISE £1.03 BILLION**

The Board of Songbird today announces full details of its intention to raise gross proceeds of £1.03 billion through:

- A Placing of 43,025,116,080 New Ordinary Shares at 1 penny per New Ordinary Share to raise approximately £430 million;
- A Compensatory Open Offer of 18,974,938,930 New Ordinary Shares at 1 penny per New Ordinary Share to raise approximately £190 million;
- An Issue of 275,000,000 Preference Shares at 100 pence per Preference Share to raise £275 million; and
- A new credit facility of £135 million.

Both the Placing and the Compensatory Open Offer comprising, in aggregate, 62,000,055,010 New Ordinary Shares are underwritten.

As previously announced, the Company intends to use the proceeds of the Fundraising to purchase its £880 million Citi senior loan facilities (the “Citi Facilities”) at a 5 per cent. discount to the outstanding principal and accrued interest and to purchase an 8.45 per cent. stake in Canary Wharf Group (“CWG”) from Commerzbank AG for £112.5 million (excluding expenses).

The Board believes that the Fundraising, the Citi Loan Repurchase and CWG Share Purchase will:

- place the Songbird Entities on a more secure, longer-term financial footing;
- allow the Company to simplify further its capital and governance structure;
- potentially improve liquidity in the Company’s Shares which are admitted to trading on AIM; and
- provide an attractive basis for increasing the Company’s stake in CWG’s property portfolio.

The Board also believes that, for Shareholders, the Compensatory Open Offer presents an attractive basis for acquiring an indirect interest in the CWG’s property portfolio.

Further, the Company is also proposing to reorganise and simplify its share capital structure which will result in a single class of Ordinary Shares, traded on AIM, in addition to unlisted Preference Shares which will be held by Qatar Holding LLC (“Qatar Holding”) and Fullbloom Investment Corporation (“FIC”), a wholly owned subsidiary of China Investment Corporation (“CIC”). The existing Class A and SG Shares will be converted into Ordinary Shares and the B Shares will be renamed Ordinary Shares.

The Proposals are conditional, amongst other things, on shareholder approval. The Company has received irrevocable undertakings to vote in favour of the Proposals from the Majority Shareholders representing 95.63 per cent. of the total voting rights of the Company.

Polygon Global Opportunities Master Fund (“Polygon”), which has economic exposure to over 27 million Class B Shares in Songbird, representing approximately 4.3 per cent. of the issued share capital of the Company and 14 per cent. of the Class B Shares, has indicated to the Company its full support for the Compensatory Open Offer and has given the Company certain undertakings to that effect.

David Pritchard, Chairman of Songbird, said:

*“The Proposals provide a stable financial footing for Songbird and are a good outcome for our shareholders. We have a strong and supportive group of investors and a company which will be financially transformed by this transaction.*”

*“Songbird’s shareholding in Canary Wharf provides investors with an attractive opportunity to benefit from the long term growth prospects of a leading integrated property developer with a prime real estate portfolio. Despite the continuing tough economic environment, Canary Wharf is well positioned with low vacancy rates, long average unexpired lease terms and is underpinned by a strong rental income. We are seeing some signs of optimism returning to financial markets and recent improvement in stabilisation of yields in the property sector. We can now look forward to the future with a greater degree of confidence.”*

**This summary should be read in conjunction with, and is subject to, the full text of this announcement, the appendix hereto as well as the Prospectus which is to be published by the Company. Part VI contains definitions of certain terms used in this summary and in this announcement.**

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The distribution of this announcement and the offering or sale of the Company's shares in certain jurisdictions may be restricted by law. No action has been taken by the Company, the Related Party Shareholders, CIC, or any of their respective advisers or affiliates, or any other person that would permit an offer of the shares or possession or distribution of this announcement or any other offering or publicity material relating to the shares in any jurisdiction where action for that purpose is required. Persons into whose possession this announcement comes are required to inform themselves about and to observe any such restrictions.

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Rothschild is acting for the Company only in connection with the Placing and Compensatory Open Offer, and no one else, and will not be responsible to anyone other than the Company for providing the protections offered to clients of Rothschild nor for providing advice in relation to the Placing and Compensatory Open Offer.

John Carrafiell is acting as a consultant to the Company only in connection with the Placing and Compensatory Open Offer, and no one else, and will not be responsible to anyone other than the Company for providing the protections offered to clients of John Carrafiell nor for providing advice in relation to the Placing and Compensatory Open Offer.

## **PART I: SUMMARY**

### **1. INTRODUCTION**

The Board announced on 28 August 2009 that the Company had entered into agreements to raise equity financing and to effect the Citi Loan Repurchase. Further details of the equity financing were subsequently announced on 3 September 2009. On 18 September 2009, the Board announced that Songbird Finance had agreed to purchase 54,007,620 CWG Shares. Following this, the Board has announced today that the Company proposes to raise £1,030 million (before expenses) through the Placing and Compensatory Open Offer, the issue of Preference Shares and the New Facility.

The Placing and Compensatory Open Offer, the issue of Preference Shares and the New Facility are the principal elements of the Proposals. The Citi Loan Repurchase and the Proposals are designed to enable the Company to establish a sustainable capital structure and to reduce its gearing.

Songbird's interim results for the six months ended 30 June 2009 have been released today in a separate announcement.

### **2. BACKGROUND TO AND REASONS FOR THE PROPOSALS**

The Refinancing Committee was formed to focus on refinancing the Songbird Entities' borrowings, particularly as the Existing Facilities are due to mature in May 2010 and there is a material risk that Songbird Finance may breach the relevant financial covenants should a refinancing not occur.

As a result, on 28 August 2009, the Company and Citi entered into the Citi Purchase Agreement whereby, among other things, the Company agreed to purchase all of Citi's interests in the Existing Facility Agreement and related security at a 5 per cent. discount to the amounts outstanding under the Existing Facility Agreement as at the date of purchase.

As announced on 18 September 2009, Songbird Finance has agreed to buy 54,007,620 CWG Shares for £112.5 million which, if completed, will increase its shareholding in CWG to 69.3 per cent..

To raise the requisite funds for the Citi Loan Repurchase and the CWG Share Purchase, the Refinancing Committee put forward the Proposals which have been recommended by the Board. The principal elements of the Proposals are to raise (before expenses):

- approximately £430.3 million by the issue of 43,025,116,080 New Ordinary Shares through the Placing at the Offer Price;
- approximately £189.7 million by the issue of 18,974,938,930 New Ordinary Shares through the Compensatory Open Offer at the Offer Price;

- £275 million by the issue of 275 million Preference Shares at £1 per Share to certain investors; and

- £135 million through the New Facility.

The Board believes that the Proposals will:

- place the Songbird Entities on a more secure, longer-term financial footing
- allow the Company to simplify further its capital and governance structure
- potentially improve liquidity in the Company's Shares which are admitted to trading on AIM
- provide an attractive basis for increasing the Company's stake in CWG

The Board also believes that for Shareholders, the Compensatory Open Offer presents an attractive basis for acquiring an indirect interest in the Canary Wharf Group's property portfolio.

The Proposals are conditional on the Resolutions being approved by the requisite majority. The Company has received irrevocable undertakings to vote in favour of the Transaction Resolution from Shareholders representing 95.63 per cent. of the total voting rights of the Company. The irrevocable undertakings also apply to the Ratification Resolution, although the holders of the SG Shares will not be entitled to vote on the Ratification Resolution. In addition, the written consents to the variation of the rights of the Class A Shares and Class B Shares combined and of the SG Shares which are required to implement the Proposals have been obtained. Therefore, subject to the satisfaction of the other conditions set out in the Prospectus, the Proposals will proceed.

### **3. SUMMARY OF THE PLACING**

Holders of Class A Shares and SG Shares were, prior to the date of this announcement, invited to subscribe for New Ordinary Shares at the Offer Price, *pro rata* to their existing shareholding of Class A Shares and SG Shares, on the basis of 98.32 New Ordinary Shares for every one Class A Share or SG Share held at the Record Date. Each Majority Shareholder has, prior to the date of this announcement, agreed with the Company whether or not it will take up its Placing Entitlements.

Where a Majority Shareholder has undertaken not to take up its Placing Entitlements, the New Ordinary Shares representing such Placing Entitlements have, under the Placing Letters, been placed with Qatar Holding and FIC.

### **4. SUMMARY OF THE COMPENSATORY OPEN OFFER**

Qualifying Shareholders (other than, subject to certain exceptions, Restricted Shareholders) are invited to apply for:

**98.32 New Ordinary Shares for every one Class B Share**

held and registered in the name of the Qualifying Shareholder on the Record Date at the Offer Price. The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Class B Shares which will, with effect from Admission, be renamed as Ordinary Shares.

The Compensatory Open Offer is subject to the satisfaction of the following conditions:

- (i) the passing of the Resolutions without material amendment at the General Meeting;
- (ii) the Placing Agreement becoming unconditional in all respects and not having been terminated; and
- (iii) Admission becoming effective by 8.00 a.m. on 14 October 2009 (or such later date as the Company and the Joint Bookrunners may decide).

The Joint Bookrunners will use reasonable endeavours to place the Non-Accepted Shares at a price no lower than the Minimum Rump Placing Amount with any premium being paid (subject to certain terms and conditions) to Qualifying Shareholders who do not take up (or are deemed not to have taken up) some or all of their Open Offer Entitlements.

The Compensatory Open Offer is underwritten on the terms of the Placing Agreement, the Glick Underwriting Agreement and the MSSS Subscription Agreement.

## **5. PREFERENCE SHARE ISSUE**

The Company is proposing to issue 275 million Preference Shares at £1 per Share to certain investors, such issue is conditional upon the Placing Agreement becoming unconditional in all respects.

The Preference Shares will be non-voting, non-convertible and will carry the right to a fixed cumulative dividend of 2.50 per cent. per quarter of the aggregate amount of the nominal value and any share premium paid up on such shares from time to time, payable quarterly in arrear and compounding quarterly to the extent not paid.

The Preference Shares will be redeemable in certain circumstances at the option of the Company or the holders of the Preference Shares.

## **6. CAPITAL REORGANISATION**

The Company is proposing to reorganise its share capital structure, with effect from Admission, such that the Class B Shares are renamed Ordinary Shares and the SG Shares and Class A Shares are converted into Ordinary Shares. The conversion ratio for the SG Shares differs to that for the Class A Shares and the Class B Shares to reflect the capital value of the SG Shares stated in the Company's accounts and the loss of the future right to a preferential dividend. The Board has today resolved to pay a dividend of £6.5 million representing the full preferential dividend entitlement accrued on SG Shares up to Admission.

The Capital Reorganisation is subject to the approval of Shareholders at the General Meeting.

## **7. NEW FACILITY AGREEMENT**

On 24 September 2009, the Songbird Entities entered into a facility agreement for a £135 million term loan with certain of the New Majority Shareholders or their affiliates, as lenders. The loan is to be used in part to fund in part the Citi Loan Repurchase and the CWG Share Purchase. The facility has an initial term of 364 days, with the option for the Company to extend, subject to certain conditions, for a further 364 days. The agreement obliges the Songbird Entities to grant security over various assets.

The Company has agreed to issue warrants over 2,836.7 million Ordinary Shares to the lenders under the New Facility Agreement in certain circumstances, at an exercise price of £0.015 per Share. The Warrants can be exercised at any time in the three-year period following first utilisation of the New Facility Agreement. The Warrant Instrument contains anti-dilution and adjustment provisions.

## **8. CURRENT TRADING AND PROSPECTS**

Despite the continuing difficult economic environment, the Songbird Group continues to have high occupancy rates and long unexpired lease lengths coupled with no speculative building above ground and flexible and high specification space, which the Company believes will continue to position the Company well to meet challenging market demands.

**PART II****EXPECTED TIMETABLE OF PRINCIPAL EVENTS**

Each of the times and dates set out in this timetable is indicative only and is subject to change. Please read the notes to this timetable set out below.

<i>Event</i>	<i>Time and/or date</i>
Record Date for entitlement under the Compensatory Open Offer	5.00 p.m. on 22 September 2009
Announcement of the Placing and Compensatory Open Offer	7.00 a.m. on 24 September 2009
Ex-entitlement date for the Compensatory Open Offer	8.00 a.m. on 24 September 2009
Publication of prospectus and despatch of Application Forms to Qualifying Non-CREST Shareholders and despatch of Circular and Forms of Proxy	24 September 2009
Open Offer Entitlements credited to stock account of Qualifying CREST Shareholders in CREST	25 September 2009
Recommended latest time for requesting withdrawal of Open Offer Entitlements from CREST	4.30 p.m. on 2 October 2009
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on 5 October 2009
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on 6 October 2009
<b>Latest time and date for receipt of completed Application Forms and payment in full under the Compensatory Open Offer and settlement of relevant CREST instructions (as appropriate)</b>	<b>11.00 a.m. on 8 October 2009</b>
Announcement of results of the Compensatory Open Offer through a Regulatory Information Service	9 October 2009
Rump Placing	9 October 2009
Record date for entitlement to vote at the General Meeting and Class Meeting	6.00 p.m. on 9 October 2009

Latest time and date for receipt of Forms of Proxy for:

the General Meeting	10.00 a.m. on 11 October 2009
the Class Meeting	10.15 a.m. on 11 October 2009
General Meeting	10.00 a.m. on 13 October 2009
Class Meeting of Class B Shareholders	10.15 a.m. <sup>4</sup> on 13 October 2009
<b>Admission and commencement of dealings in New Ordinary Shares</b>	<b>8.00 a.m. on 14 October 2009</b>
New Ordinary Shares in uncertificated form expected to be credited to accounts in CREST	8.00 a.m. on 14 October 2009
Record date for consolidation of Ordinary Shares	5.00 p.m. on 21 October 2009
Despatch of cheques and crediting of CREST accounts in respect of any premium payable to Shareholders in respect of the Rump Placing	21 October 2009
Effective date for consolidation of Ordinary Shares	8.00 a.m. on 22 October 2009
Despatch of definitive share certificates for the New Ordinary Shares in certificated form	by 28 October 2009

1 The times and dates set out in the expected timetable of principal events and mentioned throughout this announcement may be adjusted by the Company in which event details of the new times and dates will be notified to AIM and, where appropriate, Qualifying Shareholders.

2 References to times in this announcement are to London times unless otherwise stated.

3 If you have any queries on the procedure for acceptance and payment or the procedure for voting at the General Meeting, you should contact the Shareholder Helpline on 0871 664 0321 from within the United Kingdom or on + 44 20 8639 3399 if calling from outside the United Kingdom. Calls to the 0871 664 0321 number cost 10 pence per minute from a BT landline. Other network providers' costs may vary. Lines are open 9.00 a.m. to 5.00 p.m. (London time) on a Business Day. Calls to the Shareholder Helpline from outside the United Kingdom will be charged at the applicable international rate. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. Please note that the Shareholder Helpline will not be able to provide legal, tax or financial advice or to advise on the merits of the Proposals.

4 Or as soon thereafter as the General Meeting is concluded or adjourned.

**PART III****PLACING AND COMPENSATORY OPEN OFFER STATISTICS**

Offer Price per New Ordinary Share	One penny
Number of Class A Shares in issue as at the date of this document	260,849,750
Number of Class B Shares in issue as at the date of this document	192,991,649
Number of SG Shares in issue as at the date of this document	176,754,408
Number of New Ordinary Shares to be issued by the Company pursuant to the Placing	43,025,116,080
Number of New Ordinary Shares to be issued by the Company pursuant to the Compensatory Open Offer	18,974,938,930
Number of Ordinary Shares issued pursuant to the Placing and Compensatory Open Offer	62,000,055,010
Number of Ordinary Shares arising out of the conversion of the 176,754,408 SG Shares to Ordinary Shares	3,099,999,777
Number of Ordinary Shares arising out of the conversion of the 260,849,750 Class A Shares to Ordinary Shares	260,849,750
Number of Ordinary Shares over which Warrants are expected to be issued <sup>1</sup>	2,836,666,668
Principal amount of the New Facility	£135,000,000

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<sup>1</sup> The Warrant Instrument contains customary adjustment mechanisms. Please see paragraph 11.21 of Part XI (*Additional Information*) of the Prospectus.

Number of Ordinary Shares issued pursuant to the Placing and Compensatory Open Offer and the Capital Reorganisation, as a percentage of Enlarged Share Capital <sup>1</sup>	99.0 per cent.
Number of Ordinary Shares in issue immediately prior to the Subsequent Consolidation <sup>2</sup>	65,553,896,186
Number of Ordinary Shares in issue immediately after the Subsequent Consolidation <sup>2,2</sup>	655,538,962
Estimated net proceeds receivable by the Company from the Placing, Compensatory Open Offer and the New Facility after expenses <sup>3</sup>	£995,000,550
Gross discount of the Offer Price to the closing middle market quotation of Class B Shares of 32.75p on 23 September 2009	96.9 per cent.
Theoretical price excluding the Open Offer Entitlements based on the closing middle market quotation of Class B Shares of 32.75p on 23 September 2009	1.26p
Discount to the theoretical price excluding the Open Offer Entitlements based on the closing middle market quotation of Class B Shares of 32.75p on 23 September 2009	20.7 per cent.

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<sup>1</sup> Assuming that none of the Warrants have been exercised.

<sup>2</sup> On the basis of 100 Ordinary Shares consolidating into one Ordinary Share.

<sup>3</sup> Includes the funds available under the New Facility and the Preference Shares to be issued under the Proposals. Expenses of the Proposals are estimated to be £35 million.

## **PART IV**

### **INFORMATION ON THE PLACING AND COMPENSATORY OPEN OFFER**

#### **1. Introduction**

The Board announced on 28 August 2009 that the Company had entered into agreements to raise equity financing and to effect the Citi Loan Repurchase. On 3 September 2009, the Board made a further announcement providing certain details on the proposed offer structure for New Ordinary Shares and the terms of the Preference Shares.

On 18 September 2009, the Board announced that a wholly-owned subsidiary of the Company had entered into an agreement to purchase 54,007,620 CWG Shares to be funded by an increase in the size of the ordinary equity offering to £620 million together with a new debt facility. If the acquisition is completed, the Company's interest in CWG will increase from 60.8 per cent. to 69.3 per cent.

Further to these announcements, the Board announced today that it proposes to raise approximately £1,030 million (before expenses) by the issue of (i) approximately 43,025 million New Ordinary Shares through the Placing at the Offer Price; (ii) approximately 18,975 million New Ordinary Shares through the Compensatory Open Offer at the Offer Price; and (iii) 275 million Preference Shares at £1 per Share to certain investors. In addition, a £135 million New Facility Agreement has been entered into with certain affiliates of the New Majority Shareholders as lenders. In connection with the New Facility Agreement, the Company has agreed to issue warrants over approximately 2,837 million Ordinary Shares to the original lenders under the New Facility Agreement.

The Placing and Compensatory Open Offer, the issue of Preference Shares and the New Facility are the principal elements of the Proposals. There will also be, as part of the Proposals, a restructuring of the Company's share capital. The Citi Loan Repurchase and the Proposals are designed to enable the Company to establish a sustainable capital structure and to reduce its gearing. Further details of the background to and reasons for the Proposals are set out in paragraph 2 below.

#### **2. Background to and reasons for the Proposals**

##### **2.1 *Current Capital and Financing Structure of the Songbird Group***

The acquisition of a 66.3 per cent. stake in CWG by the Songbird Entities was completed in May 2004. The Songbird Entities' current holding of CWG is 60.8 per cent., following an exercise of warrants by third parties over CWG shares in November 2005. This will increase to 69.3 per cent. if the CWG Share Purchase is completed. The original Songbird capital and financing structure comprised four classes of issued shares, namely Class A Shares, Class B Shares, a Class D Share and SG Shares, and mezzanine financing.

Since 2004, the Board has sought to simplify the Songbird Entities' capital structure, which was reflected in the redemption and cancellation of the Class D Share in 2007. The mezzanine financing from 2004 was replaced initially in November 2005 with a term facility and a revolving credit facility. These facilities were, in turn, replaced in May 2007 with the Existing Facilities provided by Citi which mature on 21 May 2010. The Existing Facilities are secured by a debenture over the assets of Songbird Finance, a wholly-owned subsidiary of Songbird, which holds the Songbird Entities' interest in CWG, and a charge over the shares held by the Company in Songbird Finance and certain inter-company loans from the Company to Songbird Finance.

Since 2004, the Songbird Group has returned more than £657 million of value to Shareholders (equivalent to 105.11p per Share), driven by the performance of CWG's operations and the Songbird Group's capital and financing structure.

## **2.2 Operational Position of the Canary Wharf Group**

The operational position of the Canary Wharf Group is underpinned by:

- a weighted average unexpired lease term of 16.9 years (14.7 years assuming all outstanding options are exercised and that the lease entered into with Lehman in respect of 25-30 Bank Street remains in force); and
- a vacancy rate of 2.3 per cent., which, including the exercise of all break options of which the Canary Wharf Group had received notice as at 23 September 2009 (including the exercise by Morgan Stanley of a break option on space occupied at 20 Cabot Square which takes effect from 1 February 2010), will rise to 6.9 per cent,

in each case calculated as at 30 June 2009. The average rents per sq ft on the Estate have, over the last 24 months, been relatively resilient, assisted by the low vacancy rate and the Canary Wharf Group's current policy of not building speculatively above ground on the Estate.

The Canary Wharf Group had unsecured cash deposits of £999.3 million as at 30 June 2009<sup>1</sup> which may provide the Canary Wharf Group with the opportunity to capitalise on any future recovery in the property market.

Some of the world's leading financial institutions and retailers are currently on the Estate. In addition, the Canary Wharf Group has a potential development pipeline of approximately 6.4 million NIA sq ft (including the 100,000 sq ft of retail space above the

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<sup>1</sup> Cash deposits after deduction of £125.8 million at 30 June 2009 held by third parties as cash collateral for the Canary Wharf Group's borrowings, £13.4 million charged to third parties in connection with the Canary Wharf Group's construction obligations and further £7.3 million charged to third parties as security for the Canary Wharf Group's other obligations.

Crossrail station for which planning permission has been granted) with current developments including the staged development of Riverside South for J.P. Morgan and the Crossrail station development. Further details on the business of the Canary Wharf Group can be found in Part II (*Business Overview of the Songbird Group*) of the Prospectus.

### **2.3 Reasons for the Proposals**

The Board's overall strategy for the Songbird Entities is to establish a sustainable capital structure and to reduce their gearing.

As part of this strategy, the Refinancing Committee was formed by the Board to focus on refinancing Songbird Finance's existing borrowings, particularly in the light of the Existing Facilities maturing in May 2010 and the fact that there was a material risk that Songbird Finance may breach the financial covenants contained in the Existing Facility Agreement should a refinancing not occur.

Given the recent turmoil in the credit markets and the fact that the amount of borrowing available to property companies in general has reduced in tandem with falling property values, the Refinancing Committee has considered a number of different methods and potential sources of funding to effect the refinancing. Having considered a range of options, the Refinancing Committee put forward the current refinancing and capital restructuring proposal which has been recommended by the Board.

As a result, on 28 August 2009, it was announced that the Citi Purchase Agreement had been entered into with Citi pursuant to which the Company has agreed, among other things, to purchase all of Citi's interests in the Existing Facility Agreement and related security at a five per cent. discount to the principal, accrued interest and fees outstanding under the Existing Facility Agreement at the date of purchase. It was also announced that the Company had entered into the Shareholder Commitment Agreement pursuant to which the New Majority Shareholders had made commitments to subscribe for and underwrite a substantial issue of New Ordinary Shares and Preference Shares in order to finance the Citi Loan Repurchase and that full details would be provided with the Company's announcement of its interim results on or about 24 September 2009. For further details of the Citi Purchase Agreement and the Shareholder Commitment Agreement see paragraph 9 below and paragraphs 11.4 and 11.5 of Part XI (*Additional Information*) of the Prospectus.

Subsequently, the Board announced on 18 September 2009 that Songbird Finance had entered into an agreement with Commerzbank AG to purchase 54,007,620 CWG Shares for a total consideration of £112.5 million. The purchase, if completed, will increase the Company's shareholding in CWG from 60.8 per cent. to 69.3 per cent.. It was also announced that certain of the New Majority Shareholders have agreed to increase their commitments in relation to an enlarged equity raising to assist in funding the acquisition, with the remainder of the acquisition being funded by a new debt facility.

The principal elements of the Proposals are as follows:

- £430,251,161 (before expenses) to be raised by the issue of 43,025,116,080 New Ordinary Shares through the Placing at the Offer Price;
- £189,749,389 (before expenses) to be raised by the issue of 18,974,938,930 New Ordinary Shares through the Compensatory Open Offer at the Offer Price;
- £275,000,000 (before expenses) to be raised by the issue of 275,000,000 Preference Shares at a price of £1 each to Qatar Holding and FIC; and
- the New Facility of £135,000,000 to be provided to Songbird Finance by certain affiliates of the New Majority Shareholders or their affiliates on the terms set out in the New Facility Agreement.

The Board believes that the Proposals outlined above will:

*Place the Songbird Entities on a more secure, longer-term financial footing*

By enabling the Company to effect the Citi Loan Repurchase, the uncertainty surrounding the Songbird Entities' short-term funding position will be addressed. The Proposals will also serve to strengthen the Company's balance sheet and reduce gearing, with the intention that the Company will be better able, going forward, to respond to changes in market conditions, favourable or otherwise.

*Allow the Company to further simplify its capital and governance structure*

Following Admission, the only equity shares in issue will be the Ordinary Shares, as all Class A Shares and SG Shares will be converted into Ordinary Shares and the Class B Shares will be renamed as Ordinary Shares (further details of the Capital Reorganisation are set out in paragraph 8 of Part I of the Prospectus). As part of the restructuring, the operation and constitution of the Board will also be simplified (further details of which are set out in paragraph 13 below).

*Potentially improve liquidity in the Company's Shares traded on AIM*

The Placing and Compensatory Open Offer, together with the Capital Reorganisation, will materially increase the number and proportion of Shares in the Company which are admitted to trading on AIM, thereby potentially increasing liquidity.

*Provide an attractive basis for increasing the Company's stake in CWG*

The purchase price of £112.5 million under the CWG Share Purchase implies a price of 207 pence per CWG Share, which represents a 28.1 per cent. discount to NAV of 288 pence per CWG Share as at 30 June 2009.

The Board also believes that for Shareholders the Compensatory Open Offer presents an attractive basis for acquiring an indirect interest in the Canary Wharf Group's property portfolio.

The Offer Price of one penny per New Ordinary Share represents a discount of 24.4 per cent. to the adjusted NAV per share of 1.32 pence and 31.0 per cent. to the adjusted NNNAV per share of 1.45 pence per share, in each case adjusted for the effects of the Proposals.<sup>1</sup>

Based on the Offer Price of one penny per New Ordinary Share, the Proposals offer an implied net initial yield (i.e. on the basis of initial rent) of 7.8 per cent.<sup>2</sup> and an implied net top-up yield (i.e. on the basis of initial and top-up rent) of 8.2 per cent.<sup>3</sup> on the office portfolio of the Canary Wharf Group. The implied net initial yield and implied net equivalent yield on the Canary Wharf Group's retail portfolio would be 6.9 per cent. and 7.7 per cent. respectively.

The Proposals further represent an opportunity to acquire an indirect interest in the underlying development properties<sup>4</sup> of the Canary Wharf Group's property portfolio at an

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<sup>1</sup> Adjusted NAV of £867.1 million (1.32 per Share) and adjusted NNNAV of £950.7 million (1.45 per Share) have been calculated by adjusting the balance sheet net assets of £331.2 million as at 30 June 2009 for (a) the effects of the Proposals as per the unaudited pro forma statement of net assets set out in Part IV and (b) the adjustments required to derive adjusted NAV and adjusted NNNAV figures on a basis consistent with the statement of these figures as at 30 June 2009 set out in paragraph 1.11 of Part VI, including adjustments for the minority interests and SG Shares to reflect the effects of the Proposals.

<sup>2</sup> Calculated on the basis of the initial rent of the Canary Wharf Group's office portfolio as at 30 June 2009 divided by the implied cost, being £488 per sq ft, of acquiring an indirect interest in the Canary Wharf Group's office portfolio based on the Offer Price (the "**Office Portfolio Implied Cost**"). The Office Portfolio Implied Cost is calculated assuming (a) an Offer Price of one penny per New Ordinary Share, (b) each Ordinary Share outstanding following Admission represents its proportional share of the net asset value of Canary Wharf Group's property portfolio and (c) each of the Canary Wharf Group's office, retail and development portfolios is attributed its *pro rata* allocation of the Offer Price based on the relative net asset values of those portfolios, subject to a floor of zero for the net asset value of each group of assets securing the same indebtedness, and also taking into account the debt of the Songbird Entities.

<sup>3</sup> Calculated on the basis of top-up rent as at 30 June 2009 divided by the Office Portfolio Implied Cost. Top-up rent is the rent on the Canary Wharf Group's office portfolio, assuming expiry of rent free periods, the letting of all vacant space and including contractual and open market rate uplifts for the next 5 years.

<sup>4</sup> Comprising 25 Churchill Place, North Quay, Heron Quays West, Newfoundland and Crossrail retail.

implied cost of £38 per sq ft,<sup>1</sup> compared to peak market values of approximately £100 per sq ft.<sup>2</sup>

## 2.4 *Use of Proceeds*

The Company is expecting to raise £1,030 million (before expenses) through the Proposals. The net proceeds to be raised are expected to be £995 million.

The Songbird Entities are proposing to use approximately £837.2 million of the funds raised by the Proposals to effect the Citi Loan Repurchase, £112.5 million for the CWG Share Purchase and approximately £35 million to pay the total transaction costs associated with such repurchase and the other Proposals.

If the Proposals are completed and the other conditions to the New Facility Agreement are satisfied, then, immediately after the completion of the Citi Loan Repurchase, the financial indebtedness of the Songbird Entities on a consolidated basis, being the drawn amount of the New Facility and the Preference Shares issued as part of the Proposals, is expected to be £375.0 million in principal amount. For further details of the effect of the Proposals and the Citi Loan Repurchase on the Songbird Group's net asset position, please see Part IV (*Unaudited Pro Forma Statement of Net Assets*) of the Prospectus.

## 2.5 *Importance of the Proposals and irrevocable undertakings*

Under the Citi Purchase Agreement, the Company has the ability to buy all of Citi's interests in the Existing Facility Agreement by a date being not later than 20 October 2009. If the Proposals do not proceed, the Company will not be able to purchase Citi's interests unless the required funds to do so can be sourced from elsewhere.

Admission is expected to occur at 8.00 a.m. at 14 October 2009. If (i) Admission does not occur by 5.00 p.m. on 14 October 2009 *and* (ii) the Company has not by that time bought all of Citi's interests in the Existing Facility Agreement pursuant to the terms of the Citi Purchase Agreement, the Company's right to purchase Citi's interests will be

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<sup>1</sup> This is the implied cost of acquiring an indirect interest in the Canary Wharf Group's development properties (see Note 3 above) based on the Offer Price (the "**Development Portfolio Implied Cost**"). The Development Portfolio Implied Cost is calculated assuming (a) an Offer Price of one penny per New Ordinary Share, (b) each Ordinary Share outstanding following Admission represents its proportional share of the net asset value of Canary Wharf Group's property portfolio and (c) each of the Canary Wharf Group's office, retail and development portfolios is attributed its *pro rata* allocation of the Offer Price based on the relative net asset values of those portfolios, subject to a floor of zero for the net asset value of each group of assets securing the same indebtedness, and also taking into account the debt of the Songbird Entities.

<sup>2</sup> This is calculated by reference to a valuation of the Canary Wharf Group's properties held for development of 5.2 million sq. ft and a market value of £511 million as at 30 June 2007.

automatically assigned to the New Majority Shareholders who are bound by the terms of the Shareholder Commitment Agreement to purchase Citi's interests in the Existing Facility Agreement on the terms of the Citi Purchase Agreement. In these circumstances, the New Majority Shareholders would become the lenders to Songbird Finance under the Existing Facility Agreement.

(a) *Implications if neither the Company nor the New Majority Shareholders acquire the Existing Facility Agreement*

If Admission occurs, the Company will have access to sufficient funds to complete the Citi Loan Repurchase. If neither the Company nor the New Majority Shareholders (in the latter case, in breach of their obligations under the Shareholder Commitment Agreement) have acquired Citi's interests in the Existing Facility Agreement on or before 20 October 2009, this will constitute an event of default under the Existing Facility Agreement. In these circumstances, Citi could require early repayment of the outstanding principal amount under the Existing Facilities, together with all interest accrued thereon, or enforce the security granted in respect of the loan, being a debenture over the assets of Songbird Finance, including its shares in CWG, and a charge over securities and certain inter-company receivables granted by the Company.

In addition, under the terms of the Shareholder Commitment Agreement and the Citi Purchase Agreement, the New Majority Shareholders have deposited £150 million into an escrow account. If neither the Company nor the New Majority Shareholders purchase all of Citi's interests in the Existing Facility Agreement on or before 20 October 2009 (other than as a result of a breach of the agreement by Citi), this money will be forfeited and transferred to Citi. If Admission has not occurred by 5.00 p.m. on 14 October 2009 and the New Majority Shareholders do not purchase Citi's interests on or before 20 October 2009 as a result of one or more of the New Majority Shareholders breaching its obligations under the Shareholder Commitment Agreement to fund its *pro rata* share of the purchase consideration payable to Citi, and the other New Majority Shareholders being unwilling or unable to fund the shortfall, the amount deposited into escrow by each non-defaulting New Majority Shareholder would be deemed, under the terms of the Shareholder Commitment Agreement, to be advanced as a loan to the Company. The terms of any such loans provide that they be repayable on demand, provided that they may not be repaid whilst the Existing Facilities are outstanding except by being replaced by other subordinated debt or equity. In these circumstances, the Company would have indebtedness of up to £150 million in addition to its indebtedness under the Existing Facility Agreement.

(b) *Implications of the New Majority Shareholders rather than the Company acquiring the Existing Facility Agreement*

If the New Majority Shareholders acquire the Existing Facility Agreement, the Existing Facilities would constitute a debt owed by Songbird Finance to the New Majority Shareholders. This will only arise if Admission has not occurred by 5.00 p.m. on 14 October 2009.

The Existing Facilities are due to mature on 21 May 2010, at which point Songbird Finance would be required to pay back the amount of the outstanding principal (being £880 million) plus any accrued interest thereon to the New Majority Shareholders. There can be no assurance that the Company would be able to refinance the Existing Facilities in advance of the maturity date or be able to repay the Existing Facilities at the maturity date.

In addition, the Existing Facility Agreement contains a number of financial and other positive and negative covenants meaning that the occurrence of certain events could result in the amounts borrowed thereunder and interest accrued on such amounts becoming immediately due and payable and there is a material risk that Songbird Finance would breach the financial covenants, or material adverse change or similar covenants, contained in the Existing Facility Agreement. If a breach of the Existing Facility Agreement were to occur and was not remedied within any applicable cure period then the New Majority Shareholder, would have the right, if a two-thirds majority of the New Majority Shareholders so chose, to require early repayment of the outstanding principal amount, together with all interest accrued thereon, or to enforce the security granted in respect of the loan as summarised above.

*(c) Implications if Admission does not occur and the Company does not complete the CWG Share Purchase*

Under the CWG Share Purchase Agreement, Songbird Finance has agreed to purchase 54,007,620 CWG Shares from Commerzbank AG by a date being not later than 20 October 2009. If Admission does not occur by 5.00 p.m. on 14 October 2009 and Songbird Finance has not, by that time, bought such shares, under the terms of the Share Purchase Commitment Agreement, Songbird Finance shall be deemed automatically to have assigned all of its rights under that agreement to GF Investments, Qatar Holding and FIC (or their nominated assignees) who are bound, by the terms of the CWG Share Purchase Commitment Agreement, to purchase such CWG Shares. In these circumstances, any of GF Investments, Qatar Holding and FIC is entitled to serve written notice on the Company within 30 calendar days of such purchase requiring it, or one of its wholly-owned subsidiaries, to purchase its CWG Shares bought from Commerzbank AG, at the price per share paid to Commerzbank AG. If the Proposals do not proceed, and the required funds cannot be sourced from elsewhere, Songbird Finance will not be able to purchase the CWG Shares and will be in breach of its obligations to do so.

Consequently, in the circumstances outlined in (a), (b) or (c) above, if the Proposals do not proceed, there would be a material uncertainty as to the ability of the Songbird Entities to continue as a going concern.

The Proposals are dependent upon the satisfaction of a number of conditions, including the passing by the Shareholders of the Resolutions. However, the Company has received irrevocable undertakings to vote in favour of the Transaction Resolution from Shareholders representing 95.63 per cent. of the total voting rights of the Company. The irrevocable undertakings also apply to the Ratification Resolution, although the holders

of the SG Shares will not be entitled to vote on the Ratification Resolution. In addition, the written consents to the variation of the rights of the Class A Shares and Class B Shares combined and of the SG Shares which are required to implement the Proposals have been obtained. Therefore, subject to the satisfaction of the other conditions set out in the Prospectus, the Proposals will proceed.

### **3. Overview of the Preference Share Issue, Placing and Compensatory Open Offer**

#### **3.1 Preference Shares**

Qatar Holding and FIC (being an affiliate of CIC) have agreed to subscribe on Admission for 150 million and 125 million Preference Shares respectively on the terms of the Preference Share Subscription Agreement. Qatar Holding and FIC are required to place their subscription monies payable thereunder (being £97 million and £81.5 million respectively), net of commission and their respective proportions of the Citi Deposit, into an escrow account on or before 8 October 2009. The terms of the Escrow Agreement provide that such subscription monies shall be released to the Company automatically upon Admission. The obligation of Qatar Holding and FIC to subscribe for the Preference Shares is conditional only upon the Placing Agreement becoming unconditional in all respects by 5.00 p.m. on 14 October 2009.

The issue of Preference Shares is not underwritten.

Further details of the issue of Preference Shares are set out in paragraph 6 below and for further details of the Preference Share Subscription Agreement please see paragraph 11.12 of Part XI (*Additional Information*) of the Prospectus.

#### **3.2 New Ordinary Shares**

##### *(a) Placing*

Pursuant to the Placing, the holders of Class A Shares and SG Shares have prior to the publication of this announcement either committed to subscribe on Admission for their *pro rata* entitlement to New Ordinary Shares (as explained in paragraph 4 below) pursuant to the terms of the relevant Subscription Agreement or have undertaken not to subscribe for such New Ordinary Shares.

As a result, the MSREF Funds have, in aggregate, committed to subscribe under the Placing for 3,057 million New Ordinary Shares for total subscription monies of £30.6 million, MSSS has committed to subscribe under the Placing for 2,109 million New Ordinary Shares for total subscription monies of £21.1 million and GF Investments has committed to subscribe under the Placing for 12,600 million New Ordinary Shares for total subscription monies of £126.0 million.

British Land, the Whitehall Shareholder Group, Princes Gate Investors and MSQ have undertaken not to take up their Placing Entitlements and the New Ordinary Shares in respect of those Placing Entitlements have been placed with Qatar Holding and FIC

pursuant to the terms of the Placing Letters, being 15,610 million New Ordinary Shares with Qatar Holding and 9,649 million New Ordinary Shares with FIC.

The New Majority Shareholders are required to place their subscription monies payable under the Subscription Agreements and the Placing Letters (net of commission where applicable and, in the case of the MSREF Funds and GF Investments, their proportion of the Deposits) into an escrow account on or before 8 October 2009 in respect of both the Placing and their underwriting obligations in respect of the Compensatory Open Offer (which are summarised in paragraph (b) below). This amounts to £21.6 million in respect of the MSREF Funds, £24.8 million in respect of MSSS, £74.4 million in respect of GF Investments, £193.9 million in respect of Qatar Holding and £193.0 million in respect of FIC. The terms of the Escrow Agreement provide for such subscription monies to be released to the Company automatically upon Admission.

The obligations of Qatar Holding and FIC to subscribe for the New Ordinary Shares under the Placing Letters are conditional upon the Placing Agreement becoming unconditional in all respects at or before 8.00 a.m. on 14 October 2009 (or such later date as may be agreed by the Joint Bookrunners and the Company) and not being terminated and on Admission having occurred by no later than 8.00 a.m. on 14 October 2009 (or such later date as may be agreed by the Joint Bookrunners and the Company). The obligations of the MSREF Funds, MSSS and GF Investments to subscribe for the New Ordinary Shares under the relevant Subscription Agreement are conditional upon the Placing Agreement and the Preference Share Subscription Agreement becoming unconditional in all respects by 5.00 p.m. on 14 October 2009.

The Placing is underwritten by the Joint Underwriters, on the terms of the Placing Agreement, except in respect of the New Ordinary Shares for which GF Investments, the MSREF Funds and MSSS have agreed directly with the Company to subscribe on the terms of the Glick Subscription Agreement, the MSREF Subscription Agreement and the MSSS Subscription Agreement respectively. For further details of the Placing Agreement, see paragraph 11.10 of Part XI (*Additional Information*) of the Prospectus.

Further details of the Placing are set out in paragraph 4 below and for further details of the Placing Letters, the Subscription Agreements and the Glick Underwriting Agreement, please see paragraphs 11.11 and 11.13 to 11.16 of Part XI (*Additional Information*) of the Prospectus.

(b) *Compensatory Open Offer*

New Ordinary Shares are being offered *pro rata* under the Compensatory Open Offer to holders of Class B Shares who are Qualifying Shareholders as described in paragraph 5 below.

The MSREF Funds have committed pursuant to the terms of the MSREF Subscription Agreement to take up their Open Offer Entitlements, being in aggregate 511 million New Ordinary Shares and have agreed to place the subscription monies in respect of these shares (being £5.1 million) into escrow on or before 8 October 2009 in accordance with

the Escrow Agreement. Princes Gate Investors and MSQ have agreed with each other Majority Shareholder not to take up any of their Open Offer Entitlements.

Polygon Global Opportunities Master Fund (“**Polygon**”), which has economic exposure to over 27 million Class B Shares in the Company, representing approximately 4.3 per cent. of the issued share capital of the Company and 14 per cent. of the Class B Shares, has indicated to the Company its full support for the Compensatory Open Offer and has given the Company certain undertakings to that effect.

The Compensatory Open Offer is underwritten by the Joint Underwriters, on the terms of the Placing Agreement, except in respect of the Residual Shares which Chichester Fund Limited and MSSS have agreed directly with the Company to underwrite on the terms of the Glick Underwriting Agreement and the MSSS Subscription Agreement respectively. Any New Ordinary Shares which are not accepted under the Compensatory Open Offer or taken up in the Rump Placing will be placed by the Joint Bookrunners pursuant to the terms of the Glick Underwriting Agreement, the MSSS Subscription Agreement and the Placing Letters in the following priority:

- (i) the first 3,900 million New Ordinary Shares with Qatar Holding;
- (ii) thereafter, up to 9,951 million New Ordinary Shares with FIC;
- (iii) to the extent there are any New Ordinary Shares remaining after (i) and (ii), to Chichester Fund Limited, MSSS and the Joint Bookrunners and potentially other third parties up to 1,900 million, 370 million and 2,342 million New Ordinary Shares respectively, *pro rata* to these commitments.

The obligations of Qatar Holding and FIC to subscribe for the New Ordinary Shares pursuant to these underwriting commitments are conditional upon the Placing Agreement becoming unconditional in all respects at or before 8.00 a.m. on 14 October 2009 (or such later date as may be agreed by the Joint Bookrunners and the Company) and not being terminated and on Admission having occurred by no later than 8.00 a.m. on 14 October 2009 (or such later date as may be agreed by the Joint Bookrunners and the Company). The obligations of Chichester Fund Limited and MSSS to subscribe for the New Ordinary Shares pursuant to these underwriting commitments are conditional upon the Placing Agreement and the Preference Share Subscription Agreement becoming unconditional in all respects by 5.00 p.m. on 14 October 2009.

Further details of the Compensatory Open Offer are set out in paragraph 5 below and for further details of the Placing Agreement, the Placing Letters, the MSSS Subscription Agreement and the Glick Underwriting Agreement, please see paragraphs 11.10, 11.11, 11.15 and 11.16 of Part XI (*Additional Information*) of the Prospectus.

### **3.3 Placing Agreement**

The Placing Agreement is conditional upon certain subscription monies (net of commission) being placed into escrow by the New Majority Shareholders in respect of

their subscriptions for Preference Shares and Ordinary Shares (including in respect of their underwriting commitments) in accordance with the terms of the relevant Subscription Agreement or Placing Letter. The terms of the escrow arrangements are summarised in paragraphs (a) and (b) above. The other conditions to the Placing Agreement are customary for a transaction of this nature.

If any required amount of the subscription monies is not placed into the escrow account by the prescribed deadline, the relevant condition to the Placing Agreement will not be satisfied. If this condition is not satisfied, the Proposals will not proceed and any subscription monies received pursuant to the Compensatory Open Offer would be returned to Qualifying Shareholders in accordance with Part III (*Terms and Conditions of the Compensatory Open Offer*) of the Prospectus.

#### 4. Details of the Placing

As noted above, holders of Class A Shares and SG Shares were, prior to the date of this announcement, invited to subscribe for New Ordinary Shares at a price of one penny per New Ordinary Share, *pro rata* to their existing shareholding of Class A Shares and SG Shares on the basis of 98.32 New Ordinary Shares for every one Class A Share or SG Share held at the Record Date (their "**Placing Entitlements**") and so in proportion to the number of Class A Shares or SG Shares then held.

All Majority Shareholders have, prior to the publication of this announcement, either committed to subscribe on Admission for their Placing Entitlements or undertaken not to do so. Pursuant to the relevant Subscription Agreement, the Glick Shareholders, the MSREF Funds and MSSS have, prior to the date of this announcement, agreed with the Company to take up their Placing Entitlements in full.

Pursuant to the terms of an agreement entered into on 27 August 2009, British Land confirmed that it would not be taking up any of its Placing Entitlements. In return for this confirmation being provided several weeks in advance of the announcement of the Placing and Compensatory Open Offer, GF Investments agreed with British Land that it would pay to British Land (or procure the payment of) an amount calculated by reference to the amount of any discount the Company agreed with Citi in respect of the purchase of the Existing Facilities. A similar arrangement has been entered into with the Whitehall 2001 Funds, who have confirmed that the Whitehall Shareholder Group would not be taking up any of its Placing Entitlements.

Under the terms of the Shareholder Commitment Agreement, Qatar Holding and FIC have agreed to reimburse GF Investments for all the amounts paid pursuant to the agreements with British Land and the Whitehall 2001 Funds *pro rata* to the New Ordinary Shares placed with each of them under the Placing (excluding, in the case of Qatar Holding, its entitlements to participate in respect of MSQ's Class A Shares).

For further details of the agreement with British Land and the agreement with the Whitehall 2001 Funds, please see paragraphs 11.6 and 11.7 of Part XI (*Additional Information*) of the Prospectus. Princes Gate and MSQ also confirmed that they were not taking up their respective Placing Entitlements.

Where a Majority Shareholder confirmed that it would not be taking up its Placing Entitlements, the New Ordinary Shares representing such Placing Entitlements have been placed firm with Qatar Holding and FIC subject to Admission and to the terms and conditions of the Placing Letters.

The Placing is underwritten on the basis as described in paragraph 3.2(a) above. For further details of the Placing Agreement, see paragraph 11.10 of Part XI (*Additional Information*) of the Prospectus.

For further details of the Placing Letters and the Subscription Agreements, please see paragraphs 11.11 and 11.13 to 11.15 of Part XI (*Additional Information*) of the Prospectus.

## **5. Details of the Compensatory Open Offer**

Qualifying Shareholders (other than, subject to certain exceptions, Restricted Shareholders) are invited to apply for New Ordinary Shares under the Compensatory Open Offer at the Offer Price of one penny per New Ordinary Share, payable in full on application and free of all expenses, *pro rata* to their existing shareholdings on the basis of:

### **98.32 New Ordinary Shares for every one Class B Share**

held and registered in the name of the Qualifying Shareholder at the Record Date and so in proportion to the number of Class B Shares then held. Open Offer Entitlements will be rounded down to the nearest whole number of New Ordinary Shares. Fractional entitlements will not be issued.

The Compensatory Open Offer is subject to the satisfaction of the following conditions:

- (i) the passing of the Resolutions without material amendment at the General Meeting;
- (ii) the Placing Agreement becoming unconditional in all respects (including in respect of the required monies being placed into escrow as described in paragraph 3 above) and not having been terminated in accordance with its terms; and
- (iii) Admission becoming effective by 8.00 a.m. on 14 October 2009 (or such later time as the Company and the Joint Bookrunners may decide).

The New Ordinary Shares will, when issued and fully paid, rank *pari passu* in all respects with the Class B Shares, which will, with effect from Admission, be renamed as Ordinary Shares.

To the extent that New Ordinary Shares are not subscribed for by Qualifying Shareholders by 11.00 a.m. on 8 October 2009, Open Offer Entitlements will lapse.

Following the Closing Date, the Joint Bookrunners will (conditional on Admission), pursuant to the Rump Placing, use reasonable endeavours to procure placees for the Non-Accepted Shares at an aggregate price at least equal to the Minimum Rump Placing Amount. Any premium to the Minimum Rump Placing Amount will then (subject to the terms set out in Part III (*Terms and*

*Conditions of the Compensatory Open Offer*) of the Prospectus) be paid to those Qualifying Shareholders who do not take up (or are deemed not to have taken up) some or all of their Open Offer Entitlements and to other Qualifying Shareholders who are not entitled to apply for New Ordinary Shares by virtue of their being resident in the United States or any other Restricted Jurisdiction, on a *pro rata* basis to the number of Non-Accepted Shares, save that amounts of less than £5 per holding will not be so paid but will be aggregated and paid to the Company.

The Compensatory Open Offer is underwritten on the basis as described in paragraph 3.2(b) above. For further details of the Placing Agreement, see paragraph 11.10 of Part XI (*Additional Information*) of the Prospectus.

For further details of the Placing Agreement, the Placing Letters, the Subscription Agreements, and the Glick Underwriting Agreement, please see paragraphs 11.10, 11.11 and 11.13 to 11.15 of Part XI (*Additional Information*) of the Prospectus.

## **6. Details of the Preference Share Issue**

In addition to the Placing and Compensatory Open Offer, the Company is proposing to issue 150,000,000 Preference Shares to Qatar Holding and 125,000,000 Preference Shares to FIC in each case at £1 per Preference Share. The issue of such Preference Shares is conditional upon the Placing Agreement, the Subscription Agreement and the Glick Underwriting Agreement becoming unconditional in all respects by 5.00 p.m. on 14 October 2009.

The Preference Shares will be non-voting, non-convertible and will carry the right to a fixed cumulative dividend (the “**Preferential Dividend**”) of 2.50 per cent. per quarter of the aggregate amount of the nominal value and any share premium paid up on such shares from time to time. The Preferential Dividend is payable quarterly in arrear and will compound quarterly to the extent not paid.

The Preferential Dividend will be paid in priority to dividends on all other classes of Shares in the capital of the Company. In addition, until the Preference Shares are redeemed, no dividends or distributions may be paid or declared by the Company on any Shares (other than Preference Shares) without the consent of persons holding at least 75 per cent. of the Preference Shares in issue.

In the event of a Liquidation Event (as defined in the New Articles and including a winding up of the Company), each Preference Share will carry the right to a return (the “**Preferential Return**”) of the aggregate amount of the nominal value and share premium paid up on such share from time to time plus the amount of any unpaid but accrued Preferential Dividend. The Preferential Return will be paid to the holders of the Preference Shares in priority to any payments to holders of the Ordinary Shares.

Save as set out below, Preference Shares will not be redeemable until at least two years after the date on which they are issued, at which point they will be redeemable at the option of the Company. If the Preference Shares are redeemed, they will, subject to the next paragraph, be redeemed for cash in an amount equal to the aggregate amount of the nominal value and share

premium paid up on such share from time to time plus the amount of any unpaid but accrued Preferential Dividend (the "**Redemption Amount**").

If Preference Shares are redeemed on or before the fifth anniversary of the date of their issue, the Preference Shares will be redeemed at a premium to the Redemption Amount. The amount of the premium to be paid depends upon the time at which the Preference Shares are redeemed.

Preference Shares will be redeemable for the Redemption Amount at the option of the holders of the Preference Shares at any time after the fifth anniversary of the date of their issue. However, if a holder of the Preference Shares elects to redeem them prior to the seventh anniversary of the date of their issue, the Company may elect not to redeem those shares before the seventh anniversary. If the Company does make such an election then the Preferential Dividend on the relevant Preference Shares will increase.

If at any time the aggregate Indebtedness of the Company and its Controlled Subsidiaries exceeds a maximum amount, each holder of Preference Shares is entitled to require the Company to redeem Preference Shares held by that holder having an aggregate redemption value equal to that excess (*pro rated* to the number of Preference Shares held by that holder as a proportion of all the Preference Shares then in issue). The maximum amount is £300 million plus the aggregate redemption monies paid on Preference Shares previously redeemed pursuant to this provision.

Further details of the rights of the Preference Shares can be found in paragraph 4 of Part XI (*Additional Information*) of the Prospectus.

## **7. Details of the New Facility**

On 24 September 2009, the Company, Songbird Finance, Songbird Newco and Songbird Acquisition entered into the New Facility Agreement in respect of a £135,000,000 term loan with Chichester Fund Limited, MSREF Special, MSREF-T, MSREF-TE, MSREI and affiliates of Qatar Holding and CIC, as lenders. The facility has an initial term of 364 days with the option to extend, subject to certain conditions (including meeting a certain loan-to-value ratio), for a further 364 day term. The New Facility is to be used for general corporate purposes as well as to fund (directly or indirectly) in part the Citi Loan Repurchase and the CWG Share Purchase.

The New Facility Agreement obliges the Company and Songbird Finance to grant security over substantially the same assets as those securing the Existing Facility Agreement, and the other Songbird Entities to grant security over their assets.

During the initial 364 day term of the New Facility Agreement, interest is payable at a rate of seven per cent. per annum. If the extension option is utilised, the interest payable will increase by 1.5 per cent. per annum. In addition, Songbird Finance has agreed to pay an arrangement fee of two per cent. of the total commitments from the proceeds of the first drawdown under the New Facility. Interest will accrue on the arrangement fee at the rate of 7 per cent. per annum from the date of the agreement until the fee is paid. In addition, a 0.5 per cent. early termination fee is payable in certain circumstances. An extension fee of 1 per cent. on the available

commitment and drawn amounts at that time is payable upon the exercise of the extension option.

The New Facility Agreement also obliges Songbird Finance to prepay certain amounts (which cannot be redrawn) on the occurrence of specified events:

- (i) the receipt of any distributions from CWG, subject to retention of certain permitted amounts;
- (ii) the sale of substantially all of the assets of the Songbird Group or the Canary Wharf Group; and
- (iii) the occurrence of a change of control of either the Company, Songbird Finance or CWG.

The New Facility Agreement contains no financial covenants other than a loan-to-value ratio tested at the Songbird Entities level which is one of the conditions that determines whether the New Facility may be extended for a further 364 days. The loan-to-value ratio requires that Songbird Finance's net debt be no greater than 92.5 per cent. of Songbird Finance's share of Canary Wharf Group's net asset value. The loan-to-value ratio is not tested at any time and is not used for any other purpose. For details of the conditions, see the summary of the New Facility in paragraph 11.20 of Part XI (*Additional Information*) of the Prospectus.

The New Facility Agreement contains customary undertakings and events of default including regarding certain matters relating to the Canary Wharf Group. On, and at any time following, the occurrence of an event of default which is continuing, the majority lenders may cancel any part of the total commitments; declare all or part of the New Facility due and payable; and/or declare that all of the New Facility be payable upon demand and/or enforce all or any part of their security in relation to the New Facility.

The Company has entered into a Warrant Instrument dated 29 September 2009, pursuant to which it has constituted two tranches of, in aggregate, 2,836.7 million Warrants to the lenders under the New Facility Agreement in certain circumstances.

Each Warrant is exercisable into one Ordinary Share of the Company, at an exercise price of £0.015. The Warrants are freely transferable (subject to certain securities law restrictions) and can be exercised at any time in the three-year period following first utilisation of the New Facility Agreement. The Warrant Instrument contains anti-dilution and adjustment provisions.

## **8. Reorganisation of Share Capital**

The share capital of the Company is currently divided into Class A Shares, Class B Shares and SG Shares. The Company is proposing to reorganise its share capital structure, with effect from Admission, the effect of which would be that the Class B Shares are renamed Ordinary Shares and the SG Shares and Class A Shares are converted into Ordinary Shares.

The nominal value of the Class B Shares (which, as noted above, will be renamed as Ordinary Shares) currently exceeds the Offer Price. A company is not permitted to issue shares at a price which is less than their nominal value. Therefore, in order to effect the Placing and Compensatory Open Offer, it is proposed that each Class B Share of 10 pence (which, as mentioned above, will be renamed as Ordinary Shares) be subdivided and converted into one Ordinary Share of 0.1 pence and one Deferred Share of 9.9 pence.

As part of the Capital Reorganisation, it is proposed that each Class A Share in issue be subdivided and converted into one Ordinary Share and one Deferred Share. It is also proposed that the 176,754,408 SG Shares in issue be consolidated, and then subdivided and converted, to result in aggregate in 3,099,999,777 Ordinary Shares, such conversion rate being calculated to reflect the capital value of the SG Shares in the Company's accounts and the loss of the future preferential dividend rights which would otherwise attach to SG Shares. The right to the preferential dividends accrued on SG Shares up to Admission is to be preserved and the Board has today resolved to pay such preferential dividend (being an amount of £6,500,000), payment of which is to be made after payment of the dividends payable in respect of the first year of issue of the Preference Shares, and otherwise subject to the dividends on the Preference Shares not being in arrears.

The rights attaching to the Deferred Shares, which will not be listed, will render them effectively worthless. It is intended that they will be cancelled and an appropriate reserve created shortly after Admission. No share certificates will be issued in respect of the Deferred Shares. For further details on the Deferred Shares, please see paragraph 4 of Part XI (*Additional Information*) of the Prospectus.

The Capital Reorganisation is subject to the approval of Shareholders at the General Meeting. A summary of the Resolutions to be passed is set out in paragraph 16 of Part I of the Prospectus.

## **9. Citi Loan Repurchase**

On 28 August 2009, the Company and Songbird Finance entered into the Citi Purchase Agreement with Citi pursuant to which the Company has the ability, among other things, to purchase all of Citi's interests in the Existing Facility and certain related arrangements at a five per cent. discount to the principal, accrued interest and fees outstanding under the Existing Facility Agreement at the date of purchase. The Company may elect any Business Day up to and including 20 October 2009 as the date of purchase.

Under the terms of the Shareholder Commitment Agreement, the Company's rights and obligations under the Citi Purchase Agreement will be automatically assigned to Qatar Holding, CIC, GF Investments, the MSREF Funds and the MSRESS Funds if (i) Admission has not occurred by 5.00 p.m. on 14 October 2009 and (ii) the Company has not by that time completed the Citi Loan Repurchase.

Under the terms of the Citi Purchase Agreement, the Company agreed to procure that the New Majority Shareholders deposited £150 million in aggregate into an escrow account to be held for the benefit of the New Majority Shareholders and Citi. If Admission occurs, the escrow funds will be deemed to be advanced at Admission as loans from the Majority Shareholders to the

Company, the terms of which provide that they are immediately repayable. The loan will be set-off against the Majority Shareholders' subscription monies. If the Citi Loan Repurchase is completed, the escrow funds will be transferred to Citi in partial payment of the purchase consideration. If Admission occurs, but the Citi Loan Repurchase does not complete due to a breach by Citi of its obligations under the Citi Purchase Agreement, the escrow funds, will be returned to the Majority Shareholders who will, in turn, pay these funds to the Company.

Under the Citi Purchase Agreement it was agreed that if neither the Company nor the New Majority Shareholders completed such purchase on or before 20 October 2009, this would constitute an event of default under the Existing Facility Agreement and the deposit would be transferred to Citi. Until this date, Citi has agreed not to accelerate Songbird Finance's repayment obligations under the Existing Facility Agreement, enforce the security relating to that agreement or terminate the Hedging Agreement.

Following completion of the Citi Loan Repurchase, the Existing Facilities will become (in effect) an intra-group facility with Songbird Finance as borrower and Songbird Newco as lender. The Company will consider following completion of the Citi Loan Repurchase whether or not to leave such debt outstanding as intra-group debt.

#### **10. CWG Share Purchase**

On 17 August 2009, Songbird Finance entered into an agreement with Commerzbank AG for the acquisition of 54,007,620 CWG Shares for a consideration of £112.5 million. The Company may elect any Business Day up to and including 20 October 2009 as the date of purchase.

Under the terms of the Share Purchase Commitment Agreement, the Company's rights and obligations under the CWG Share Purchase Agreement will be automatically assigned to Qatar Holding, FIC and GF Investments if (i) Admission has not occurred by 5.00 p.m. on 14 October 2009; *and* (ii) the Company has not by that time completed the purchase of the relevant CWG Shares.

Songbird Finance agreed with Commerzbank AG to procure that GF Investments deposited £20 million into an escrow account to be held for the benefit of GF Investments and Commerzbank AG. If Admission occurs, the escrow funds will be deemed to be advanced at Admission as a loan from GF Investments to the Company, the terms of which provide that it is immediately repayable. The loan will be set off against GF Investments' AG subscription monies. If Admission occurs, but the CWG Share Purchase does not complete due to a breach by Commerzbank AG of its obligations under the CWG Share Purchase Agreement, the escrow funds will be returned to GF Investments who will, in turn, pay these funds to the Company.

If the CWG Share Purchase is completed, the escrow funds will be transferred to Commerzbank AG in partial payment of the purchase consideration. If neither Songbird Finance nor any of Qatar Holding, FIC and GF Investments purchase the CWG Shares pursuant to the CWG Share Purchase Agreement, the deposit will be transferred to Commerzbank AG and no party shall have any further liability to the other, except if the failure to complete is due to a breach by Commerzbank AG of its obligations.

## 11. Share capital following Admission

Immediately following Admission, the total number of Shares in issue will be 66,429,964,262, comprising 65,553,896,186 Ordinary Shares, 275,000,000 Preference Shares and 607,068,076 Deferred Shares. As noted above, it is intended that the Deferred Shares will be cancelled shortly after Admission.

It is expected that on 22 October 2009, every 100 Ordinary Shares of 0.1 pence nominal value in issue will be consolidated into one Ordinary Share of 10 pence in nominal value. If the consolidation would result in a Shareholder being entitled to a fraction of an Ordinary Share, such fraction will, as far as possible, be aggregated with the fractions of other Ordinary Shares to which other Shareholders are entitled and those fractional entitlements will be sold in the market for the benefit of the Company.

The Subsequent Consolidation does not change the rights attaching to the Ordinary Shares and the restrictions to which they are subject.

## 12. Ownership of Songbird following Admission

The implementation of the Proposals will result in Shareholders experiencing a dilution in their existing ownership of the Company irrespective of whether they take up their Open Offer Entitlements because, pursuant to the Capital Reorganisation, the SG Shares will be converted into Ordinary Shares at a ratio in excess of one for one, thus having a dilutive effect on the economic (but not the voting) rights of Class B Shareholders.

Following Admission, Qualifying Shareholders who do not take up (or are deemed not to have taken up) any of their full Open Offer Entitlements will experience, as a result of the Proposals, a dilution of 99.0 per cent. to their economic interests in the Company and a dilution of 94.4 per cent. to their voting interests in the Company which, following the exercise of the Warrants in full, would increase to dilutions of 99.1 per cent. and 94.6 per cent. respectively.

However, even Qualifying Shareholders who take up their full Open Offer Entitlements will, following Admission, experience, as a result of the Proposals, a dilution of 4.5 per cent. to their economic interests in the Company which, following the exercises of the Warrants in full, would increase to a dilution of 8.4 per cent..

Immediately following Admission, the shareholding of each person who, directly or indirectly, is expected to be interested in three per cent. or more of the Company's share capital, and the amount of each such person's interest, is as follows:

<i>Holder of Ordinary Shares</i>	<i>Assuming full take up<sup>3</sup> under the Compensatory Open Offer<sup>5</sup></i>		<i>Assuming no take up<sup>4</sup> under the Compensatory Open Offer<sup>1,2,5</sup></i>	
	<i>Number of Ordinary</i>	<i>% of issued ordinary</i>	<i>Number of Ordinary</i>	<i>% of issued ordinary</i>

	<i>Shares</i> <sup>1</sup>	<i>share capital</i>	<i>Shares</i> <sup>1</sup>	<i>share capital</i>
Qatar Holding	15,700,260,462	24.0	19,600,615,026	29.9
FIC	9,648,963,263	14.7	19,600,615,026	29.9
Glick Shareholder Group	15,700,260,462	24.0	16,441,230,458	25.1
MS Shareholder Group <sup>6</sup>	5,753,017,396	8.8	5,753,017,396	8.8
The Kingdom Trust	4,039,543,040	6.2		
Citadel	3,073,018,803	4.7		
Polygon	2,715,763,770	4.1	2,715,763,770	4.1
British Land	2,114,318,521	3.2		
<i>Holder of Preference Shares</i>			<i>Number of Preference Shares</i>	<i>% of issued Preference Share capital</i>
Qatar Holding			150,000,000	55
FIC			125,000,000	45

1 In addition, it is expected that affiliates of Qatar Holding will hold Warrants over 840,493,827 Ordinary Shares, affiliates of FIC will hold Warrants over 1,071,627,630 Ordinary Shares, affiliates of the Glick Shareholders will hold Warrants over 840,493,827 Ordinary Shares and affiliates of the MS Shareholders will hold Warrants over 84,049,383 Ordinary Shares.

2 Assuming no take up under the Rump Placing.

3 Other than those Qualifying Shareholders who have committed not to take up any of their Open Offer Entitlements.

4 Other than those Qualifying Shareholders who have committed to take up all or part of their Open Offer Entitlements.

5 Assuming no exercise of the Warrants.

6 FIC is a limited partner in one of the funds comprising the MS Shareholder Group accounting for an interest attributable to FIC in 2,109,118,629 Ordinary Shares assuming full take up under the Compensatory Open Offer and up to 2,479,479,262 Ordinary Shares assuming no take up under the Compensatory Open Offer. This interest is accounted for in the figures for the MS Shareholder Group.

### *Qatar Holding*

Qatar Investment Authority is an authority of the State of Qatar. It was founded in 2005 to strengthen the country's economy by diversifying into new asset classes. For further information please refer to Qatar Investment Authority's website at [www.qia.qa](http://www.qia.qa).

Qatar Holding is a wholly-owned subsidiary of Qatar Investment Authority. Qatar Holding was established in the Qatar Financial Centre in Doha, Qatar on 4 April 2006 under registration number 0004. Qatar Holding is the prime vehicle for Qatar Investment Authority's strategic and direct investments.

### *Fullbloom Investment Corporation*

FIC, a limited liability company incorporated in the People's Republic of China, is a wholly-owned subsidiary of CIC. CIC, established on 29 September 2007, is an investment institution

established as a wholly state-owned company under the Company Law of the People's Republic of China and headquartered in Beijing.

CIC's fundamental approach is to hold, manage, and invest its mandated assets to maximise shareholder value. It operates with independence and its investment decisions are based on the pure economics of each deal. While every investment is unique, CIC believes in the importance of having a long-term vision and, as a result, it is committed to investing for the long-term. As a commercial investment institution, CIC seeks high financial returns within its accepted risk tolerance.

#### *MS Shareholder Group*

The MS Shareholder Group consists of entities managed by Morgan Stanley Real Estate Investing. Morgan Stanley Real Estate Investing is one of the largest real estate investment managers globally. Since 1991, it has acquired \$173.5 billion of real estate assets worldwide and currently manages \$70.4 billion in real estate assets on behalf of its clients.

One of the entities within the MS Shareholder Group is MSSS. MSSS is a limited partnership whose general partner is an affiliate of the MSRESS Funds and whose limited partner is FIC. The voting of the Ordinary Shares to be held by MSSS will be a matter for its general partner subject to prior consultation with FIC.

#### *Glick Shareholder Group*

The Glick Shareholders are investment vehicles and trusts connected with Simon Glick and his family. Simon Glick is a New York based professional investor who has invested both his and his family's capital for over four decades. Areas in which Mr. Glick invests include risk arbitrage, statistical arbitrage, special situations, undervalued securities, private equity, bank debt and real estate. Mr. Glick first invested in the Canary Wharf Group in 1995 when CWG was purchased by a consortium of international property investors. He subsequently invested in the Company, as part of another international consortium (including the MSREF Funds and MSRESS Funds) in 2004.

### **13. Governance of Songbird following Admission**

The relationship between the New Majority Shareholders and the Company will be governed by the New Shareholders Agreement and the New Articles.

Pursuant to the New Articles, there will be a maximum of 14 directors on the Board, appointed as follows, depending on the percentage shareholding held by each New Majority Shareholder (as appropriate):

- up to two independent directors;
- up to three appointed by FIC;
- up to three appointed by the Glick Shareholders;

- up to three appointed by Qatar Holding; and
- up to three appointed by the MS Shareholders.

The Independent Directors will be appointed by the Board by a two-thirds majority, subject to annual ratification by Ordinary Shareholders. All directors will be obliged to comply with their duties under English law (including their duty to promote the success of the Company for the benefit of all its Shareholders). Certain decisions of the Board will need to be approved by a Two-thirds Majority Approval. For further details, see paragraphs 4 and 11.3 of Part XI (*Additional Information*) of the Prospectus. Each of the New Majority Shareholders also has the right to appoint a representative to the executive committee of the Board, which, among other things, reviews the Company's budget and operating plan on a regular basis.

In addition, the New Majority Shareholders have certain veto rights over actions by the Company relating to its capital structure. For full details of the arrangements between the New Majority Shareholders and the Company, see paragraphs 4 and 11.3 of Part XI (*Additional Information*) of the Prospectus.

On 18 September 2009, the Company announced that Tim Roberts, a director of the Company nominated by British Land, had stepped down from the Board with effect from that date. British Land has committed to support the Proposals but is not taking its rights in full under the Placing and Compensatory Open Offer.

## PART V

### RELATED PARTY TRANSACTIONS

Certain transactions entered into by the Company are related party transactions under the AIM Rules for Companies, because certain of the parties to those transactions are substantial shareholders in the Company (the MSREF Funds and the Glick Shareholders) or associates of a substantial shareholder (Qatar Holding and certain affiliates of the MSREF Funds and the Glick Shareholders). Together, the Related Party Shareholders together currently hold, directly or indirectly, shares representing, in aggregate, 72.2 per cent. of the voting rights attached to the total issued share capital of the Company. The related party transactions are:

- the Shareholder Commitment Agreement, including the conversion of the SG Shares into Ordinary Shares;
- the Share Purchase Commitment Agreement;
- the New Facility and the related Warrants;
- the Glick Underwriting Agreement;
- the Glick Subscription Agreement;
- the MSREF Subscription Agreement;
- the MSSS Subscription Agreement;
- the Qatar Holding Placing Letter;
- the Preference Share Subscription Agreement; and
- the Escrow Agreement, together, the “**Related Party Arrangements**”.

The Directors, other than those associated with any of the Related Party Shareholders, having consulted with J.P. Morgan Cazenove (in its capacity as the Company’s nominated adviser pursuant to the AIM Rules), have confirmed that they are satisfied that the terms of the other Related Party Arrangements are fair and reasonable insofar as the Shareholders are concerned.

The Company has been advised by MSI, J.P. Morgan Cazenove and Rothschilds in relation to the proposals.

## PART VI

### DEFINITIONS

<b>“Admission”</b>	the admission of the New Ordinary Shares to trading on AIM;
<b>“AIM Rules for Companies”</b>	the rules for AIM companies published by the London Stock Exchange;
<b>“Application Form”</b>	the personalised application form by which Qualifying Non-CREST Shareholders may take up and apply for New Ordinary Shares under the Compensatory Open Offer;
<b>“Banks”</b>	J.P. Morgan Cazenove, MSI and Rothschild;
<b>“Board”</b>	the board of directors of the Company;
<b>“British Land”</b>	British Land (Joint Ventures) Limited, a company incorporated in England and Wales (with registered number 4682740) and, where the context requires, any of its permitted successors or assigns;
<b>“Business Day”</b>	any day (excluding Saturdays and Sundays) on which banks are open in London for normal banking business and the London Stock Exchange is open for trading;
<b>“Canary Wharf Group”</b>	Canary Wharf Group plc and its subsidiaries;
<b>“Capital Reorganisation”</b>	subdivision and conversion of the Class A Shares, Class B Shares and SG Shares into Ordinary Shares and Deferred Shares;
<b>“certificated” or “in certificated form”</b>	not in uncertificated form;
<b>“Chairman”</b>	the chairman of the Board;
<b>“CIC”</b>	China Investment Corporation;
<b>“Circular”</b>	the circular to be posted to shareholders on or around the date of this announcement;
<b>“Citi”</b>	Citibank, N.A., London Branch;

<b>“Citi Deposit”</b>	the £150 million deposit in respect of the Citi Loan Repurchase;
<b>“Citi Loan Repurchase”</b>	the repurchase of Citi’s interests under the Existing Facility Agreement in accordance with the terms of the Citi Purchase Agreement;
<b>“Citi Purchase Agreement”</b>	the purchase agreement dated 28 August 2009 entered into between Songbird, Songbird Finance and Citi relating to the Existing Facility Agreement;
<b>“Class A Shares”</b>	the Ordinary Class A Shares (as defined in the Existing Articles) in the capital of the Company with a nominal value of 10 pence each having the rights and subject to the restrictions set out in the Existing Articles;
<b>“Class B Shareholder”</b>	the holders, from time to time, of the Class B Shares;
<b>“Class B Shares”</b>	the Ordinary Class B Shares (as defined in the Existing Articles) in the capital of the Company with a nominal value of 10 pence each having the rights and subject to the restrictions set out in the Existing Articles;
<b>“Class D Share”</b>	the class D ordinary share in the capital of the Company;
<b>“Class Meeting”</b>	the class meeting of Class B Shareholders convened for 13 October 2009, notice of which is set out in the Circular (or any adjournment thereof);
<b>“Closing Date”</b>	the date on which the Offer will close, being 11.00 a.m. on 8 October 2009 or such later date as the Company may determine;
<b>“Company” or “Songbird”</b>	Songbird Estates plc;
<b>“Compensatory Open Offer”</b>	the compensatory open offer of 18,974,938,930 New Ordinary Shares by the Company to Qualifying Shareholders, pursuant to the terms and conditions described in Part III ( <i>Terms and Conditions of the Compensatory Open Offer</i> ) of the Prospectus and, in the case of Qualifying Non-CREST Shareholders, in the Application Form;
<b>“Controlled Subsidiary”</b>	means any subsidiary of the Company where the Controlled Shareholder(s) of that subsidiary holds, or together hold, at least 75 per cent. of the voting rights generally exercisable at general meetings of that

	<p>subsidiary and, for these purposes, “<b>Controlled Shareholder</b>” means, in relation to any subsidiary of the Company, a shareholder in, or member of, that subsidiary which is either the Company or is itself a Controlled Subsidiary;</p>
“ <b>CREST</b> ”	<p>the relevant systems (as defined in the CREST Regulations) for paperless settlement of share transfers and the holding of shares in uncertificated form in respect of which Euroclear is the operator (as defined in the CREST Regulations);</p>
“ <b>CWG</b> ”	<p>Canary Wharf Group plc;</p>
“ <b>CWG Share Purchase</b> ”	<p>the purchase by the Company of the 54,007,620 CWG Shares from Commerzbank AG for a consideration of £112.5 million pursuant to the terms of the CWG Share Purchase Agreement;</p>
“ <b>CWG Share Purchase Agreement</b> ”	<p>the agreement entered into between the Company and Commerzbank AG on 17 September 2009 in respect of the CWG Share Purchase;</p>
“ <b>CWG Shares</b> ”	<p>54,007,620 ordinary shares of one penny each in the capital of Condor held by Commerzbank;</p>
“ <b>Deferred Shares</b> ”	<p>the deferred shares in the Company of 9.9 pence each, having the rights and subject to the restrictions set out in the New Articles;</p>
“ <b>Deposits</b> ”	<p>the Citi Deposit and the Commerzbank Deposit;</p>
“ <b>Directors</b> ”	<p>the directors of the Company as at the date of this document and “<b>Director</b>” means any one of them;</p>
“ <b>Enlarged Share Capital</b> ”	<p>the ordinary share capital of the Company following completion of the Placing and Compensatory Open Offer and Capital Reorganisation but prior to the Subsequent Consolidation;</p>
“ <b>Escrow Agreement</b> ”	<p>the agreement dated on or about the date of this document between the Company, the Escrow Agent, the Joint Bookrunners, Qatar Holding, FIC, the MSREF Funds, MSSS, GF Investments and Chichester Fund Limited, for the deposit of monies into escrow in relation to the Placing and Compensatory Open Offer;</p>

<b>“Estate”</b>	the Canary Wharf estate, being the mixed office and retail development on or adjacent to the two wharfs formerly known as Canary Wharf together with North Quay, Riverside South and Heron Quays West;
<b>“Existing Articles”</b>	the articles of association of the Company in force as at the date of this document;
<b>“Existing Facilities”</b>	the £880,000,000 credit facilities made available to the Company pursuant to the Existing Facility Agreement, comprising a sterling term loan facility of £800 million and a sterling revolving loan facility of £80 million;
<b>“Existing Facility Agreement”</b>	the facility agreement dated 17 May 2007 entered into between the Company, Songbird Finance, Citigroup Global Markets Limited, Citibank N.A., London Branch and Morgan Stanley Mortgage Servicing Limited;
<b>“FIC”</b>	Fullbloom Investment Corporation, a limited liability company incorporated in the People’s Republic of China with registered number 100000000041765(4-2) and a wholly-owned subsidiary of CIC and, where the context requires, its permitted successors or assigns;
<b>“Forms of Proxy”</b>	the forms of proxy for use at the General Meeting and the Class Meeting which accompany the Circular;
<b>“General Meeting”</b>	the general meeting of the Company convened for 13 October 2009, notice of which is set out in the Circular (or any adjournment thereof);
<b>“General Meeting Notice”</b>	the notice of the General Meeting set out in the Circular;
<b>“GF Investments”</b>	GF Investments II, L.L.C.;

<b>“Glick Shareholders”</b>	GF Investments, Daniel Sklarin as sole trustee of the Louis and Simon Glick New Jersey 1987 Trust, Daniel Sklarin as sole trustee of the Louis Glick and Seymour Pluchenik New Jersey 1987 Trust and Chichester Fund Limited, and any associate of any Glick Shareholder to whom shares in the Company are transferred or issued, in each case for so long as such person holds Shares in the Company;
<b>“Glick Subscription Agreement”</b>	The agreement dated on or about the date of this document between the Company and GF Investments relating to GF Investments’ subscription for New Ordinary Shares pursuant to the Placing;
<b>“Glick Underwriting Agreement”</b>	the agreement dated on or about the date of this document between the Company and Chichester Fund Limited relating to Chichester Fund Limited’s commitment to underwrite certain of the New Ordinary Shares;
<b>“Hedging Agreement”</b>	the ISDA master agreement schedule and confirmation relating to an interest rate swap and cap transaction entered into between Songbird Finance and Citi on 25 May 2007 (with a trade date of 21 May 2007);
<b>“Indebtedness”</b>	the principal amount outstanding from time to time under any loan facility (whether syndicated or bilateral) provided to the Company or any of its Controlled Subsidiaries (other than CWG and any of its subsidiaries) by, or any issue of bonds, notes, debentures, loan stock or similar instrument by the Company or any of its Controlled Subsidiaries (other than CWG and any of its subsidiaries) to, any person which is not the Company or a subsidiary of the Company;
<b>“Independent Director”</b>	an independent director of the Company appointed pursuant to the Existing Articles or, where the context requires, the New Articles;
<b>“Joint Bookrunners”</b>	J.P. Morgan Cazenove and MSI;
<b>“Joint Underwriters”</b>	JPMSL and MSI;
<b>“J.P. Morgan Cazenove”</b>	J.P. Morgan Cazenove Limited, a firm authorised and regulated by the FSA and on the FSA Register (number 140767);

<b>“Lehman”</b>	Lehman Brothers Limited (in administration);
<b>“Majority Shareholders”</b>	the MS Shareholders, British Land, the Glick Shareholders and the Whitehall 2001 Funds and each a <b>“Majority Shareholder”</b> ;
<b>“Minimum Rump Placing Amount”</b>	the amount that is equal to (a) the Offer Price multiplied by the number of Non-Accepted Shares for which subscriber(s) are procured by the Joint Bookrunners pursuant to the Rump Placing, and (b) the expenses of the procurement of such subscriber(s) (including any applicable brokerage, transaction levies, trading fees, commissions and amounts in respect of VAT which are not recoverable);
<b>“Morgan Stanley”</b>	Morgan Stanley & Co Limited, including all related funds, entities and associates;
<b>“MSI”</b>	Morgan Stanley & Co International plc, a firm authorised and regulated by the FSA and on the FSA Register (number 165935);
<b>“MS Shareholder Group”</b>	all of the MS Shareholders, acting together as a group;
<b>“MS Shareholders”</b>	one or more (as the case may be) of the MSREF Funds, the MSRESS Funds, the Princes Gate Investors and MSQ, and/or any of their successors and permitted assigns;
<b>“MSQ”</b>	MSQ Co-Investment Partnership IV, L.P., a Delaware limited partnership having its offices at 1585 Broadway, New York, New York 10036;
<b>“MSREF Funds”</b>	the real estate private equity funds managed by MSREF IV International-G.P., L.L.C., consisting of MSREF-TE, MSREF-T, MSREI and MSREF Special;
<b>“MSREF Special”</b>	Morgan Stanley Real Estate Fund IV Special International, L.P., a limited partnership organised under the laws of Delaware and having its offices at 1585 Broadway, 37th Floor, New York, New York 10036;
<b>“MSREF Subscription Agreement”</b>	the agreement dated on or about the date of this document between the Company and the MSREF Funds relating to their subscription for New Ordinary Shares pursuant to the Placing and Compensatory Open Offer;

<b>“MSREF-T”</b>	Morgan Stanley Real Estate Fund IV International-T, L.P., a limited partnership organised under the laws of Delaware and having its offices at 1585 Broadway, 37th Floor, New York, New York 10036;
<b>“MSREF-TE”</b>	MSREF IV TE Holding, L.P., a limited partnership organised under the laws of the Cayman Islands and having its offices at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, BWI;
<b>“MSREI”</b>	Morgan Stanley Real Estate Investors IV International, L.P., a limited partnership organised under the laws of Delaware and having its offices at 1585 Broadway, 37th Floor, New York, New York 10036;
<b>“MSRESS Funds”</b>	the real estate private equity funds managed by MSDW Real Estate Special Situations II Manager, L.L.C., consisting of MS Special II, MS Special II-T, MS Special II Investors, MS Special II-A, MS Special II-B and MS Special II-C and/or their respective successors and assigns;
<b>“MSSS”</b>	MSRESS II Co-Investment Partnership L.P., a limited partnership organised under the laws of the Cayman Islands and having its offices at P.O. Box 309, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands, acting by its general partner MSRESS II GP Co-Investment Ltd.;
<b>“MSSS Subscription Agreement”</b>	the agreement dated on or about the date of this document between the Company and MSRESS relating to its subscription for and commitment to underwrite certain of the New Ordinary Shares;
<b>“New Articles”</b>	the Final New Articles or, where the context so requires, the Interim New Articles;
<b>“New Facility”</b>	the £135,000,000 loan provided by certain of the New Majority Shareholders and their affiliates to Songbird Finance pursuant to the terms of the New Facility Agreement;
<b>“New Facility Agreement”</b>	the agreement dated 24 September 2009 between the Company and certain of the New Majority Shareholders or their affiliates in respect of the New Facility;

<b>“New Majority Shareholders”</b>	the MS Shareholders, the Glick Shareholders, Qatar Holding and FIC and each a <b>“New Majority Shareholder”</b> ;
<b>“New Ordinary Shares”</b>	the Ordinary Shares to be issued by the Company pursuant to the Placing and Compensatory Open Offer;
<b>“New Shareholders Agreement”</b>	the new shareholders agreement dated on or about the date of this document entered into between the Company and the New Majority Shareholders;
<b>“Non-Accepted Shares”</b>	any Open Offer Shares which are not (or are deemed not to have been) taken up under the Compensatory Open Offer;
<b>“Offer Price”</b>	one penny per New Ordinary Share;
<b>“Open Offer Entitlements”</b>	entitlements to subscribe for New Ordinary Shares allocated to a Qualifying Shareholder pursuant to the Compensatory Open Offer;
<b>“Ordinary Shares”</b>	prior to the Subsequent Consolidation, the ordinary shares of 0.1 pence each in the capital of the Company and after the Subsequent Consolidation, ordinary shares of 10 pence each in the capital of the Company, in each case having the rights and subject to the restrictions set out in the New Articles;
<b>“Ordinary Shareholders”</b>	holders of Ordinary Shares;
<b>“Placing”</b>	the placing of 43,025,116,080 New Ordinary Shares pursuant to the terms and conditions of the Placing Agreement;
<b>“Placing Agreement”</b>	the placing agreement entered into between the Company, J.P. Morgan Cazenove Limited, JPMSL, Morgan Stanley & Co. International plc and Rothschild on or about the date of this document;
<b>“Placing Letters”</b>	the placing letters entered into between the Joint Bookrunners and each of Qatar Holding and FIC on or about the date of this document;
<b>“Placing and Compensatory Open Offer”</b>	the Placing and the Compensatory Open Offer;

<b>“Placing Entitlements”</b>	entitlements to subscribe for New Ordinary Shares allocated to holders of Class A Shares and SG Shares pursuant to the Placing;
<b>“Preference Share Subscription Agreement”</b>	the subscription agreement entered into between the Company, Qatar Holding and FIC on or about the date of this document in respect of their subscription for Preference Shares;
<b>“Preference Shares”</b>	the preference shares of 100 pence each in the capital of the Company having the rights and subject to the restrictions set out in the New Articles;
<b>“Princes Gate Investors”</b>	Princes Gate Investors III, L.P., BPEF 2 Princes G III Partners, L.P., Hasso Plattner, and Originators Investment Plan, L.P. and/or their respective successors and assigns;
<b>“Proposals”</b>	the Placing and Compensatory Open Offer, the entry into the New Facility Agreement, the issue of Preference Shares and the Capital Reorganisation;
<b>“Prospectus”</b>	the prospectus to be published on or around the date of this announcement by the Company in relation to the Placing and Compensatory Open Offer, and the issue of Preference Shares;
<b>“Qatar Holding”</b>	Qatar Holding LLC, established in the Qatar Financial Centre in Doha with registration number 0004 and a wholly-owned subsidiary of Qatar Investment Authority, and where the context requires, its permitted successors and assigns;
<b>“Qualifying CREST Shareholders”</b>	Qualifying Shareholders whose Class B Shares on the register of members of the Company on the Record Date are in uncertificated form;
<b>“Qualifying Non-CREST Shareholders”</b>	Qualifying Shareholders whose Class B Shares on the register of members of the Company on the Record Date are in certificated form;
<b>“Qualifying Shareholders”</b>	holders of Class B Shares on the register of members of the Company on the Record Date;
<b>“Ratification Resolution”</b>	the resolution approving and ratifying certain actions of the Board set out as resolution 2 in the General Meeting Notice;

<b>“Record Date”</b>	5.00 p.m. on 22 September 2009;
<b>“Refinancing Committee”</b>	a committee of the Board details of which are set out in paragraph 8.5 of Part X ( <i>Directors, Responsible Persons, Corporate Governance and Employees</i> ) of the Prospectus;
<b>“Regulatory Information Service”</b>	a regulatory information service that is approved by the FSA and that is on the list of regulatory information service providers maintained by the FSA;
<b>“Related Party Shareholders”</b>	the Glick Shareholders, the MS Shareholders, Qatar Holding and each of their associates (as defined in the AIM Rules for Companies);
<b>“Residual Shares”</b>	all or any Non-Accepted Shares which are not placed with placees pursuant to the Rump Placing and/or any Non-Accepted Shares placed with placees pursuant to the Rump Placing who fail to meet their payment obligations for all or any Non-Accepted Shares and/or any New Ordinary Shares representing the aggregate of fractional entitlements which are not placed in the market for the benefit of the Company;
<b>“Resolutions”</b>	the resolutions set out in the General Meeting Notice;
<b>“Restricted Jurisdiction”</b>	the United States, Canada, Australia, Republic of South Africa, New Zealand and Japan and any other jurisdiction where the extension or availability of the Compensatory Open Offer (and any other transaction contemplated thereby) would breach any applicable law;
<b>“Restricted Shareholder”</b>	subject to the exception as set out in paragraph 7 of Part III ( <i>Terms and Conditions of the Compensatory Open Offer</i> ) of the Prospectus, Qualifying Shareholders who have registered addresses in, who are incorporated in, registered in or otherwise resident or located in, the United States or any other Restricted Jurisdiction;
<b>“Rothschild”</b>	NM Rothschild & Sons Limited, a company incorporated in England and Wales with registered number 925279 whose registered office is New Court, St Swithin’s Lane, London EC4P 4DU;
<b>“Rump Placing”</b>	the proposed placing, conditional on Admission, of any Non-Accepted Shares by the Joint Bookrunners, as agent of the Company, pursuant to which the Joint Bookrunners

	will use reasonable endeavours to procure placees for the Non-Accepted Shares at an aggregate price at least equal to the Minimum Rump Placing Amount;
<b>“SG Shares”</b>	the SG Shares (as defined in the Existing Articles) of 10 pence each in the Company having the rights and subject to the restrictions set out in the Existing Articles;
<b>“Share Purchase Commitment Agreement”</b>	the shareholder commitment agreement dated 17 September 2009 entered into between Songbird, GF, Qatar Holding, the MSREF Funds and CIC;
<b>“Shareholder Commitment Agreement”</b>	the shareholder commitment agreement dated 28 August 2009 entered into between Songbird, GF Investments, Qatar Holding, the MSREF Funds and CIC, as amended;
<b>“Shareholders”</b>	the holders of any issued shares in the capital of the Company from time to time and <b>“Shareholder”</b> means any one of them;
<b>“Shares”</b>	the issued shares in the capital of the Company including the Preference Shares and Deferred Shares, where the context so requires;
<b>“Songbird Acquisition”</b>	Songbird Acquisition Limited, a company incorporated in England and Wales with registered number 5075686 and whose registered office is at One Canada Square, Canary Wharf, London E14 5AB;
<b>“Songbird Entities”</b>	Songbird and its wholly-owned subsidiaries being Songbird Acquisition, Songbird Finance and Songbird Newco;
<b>“Songbird Finance”</b>	Songbird Finance Limited, a company incorporated in England and Wales with registered number 6208721 and whose registered office is at One Canada Square, Canary Wharf, London E14 5AB;
<b>“Songbird Group”</b>	the Songbird Entities and the Canary Wharf Group;
<b>“Songbird Newco”</b>	Songbird Finance (Two) Limited, a company registered in England and Wales with registered number 7020675 and whose registered office is at One Canada Square, Canary Wharf, London E14 5AB;
<b>“sq ft”</b>	square feet;

<b>“Subscription Agreements”</b>	the Glick Subscription Agreement, the MSREF Subscription Agreement and the MSSS Subscription Agreement;
<b>“Subsequent Consolidation”</b>	the consolidation of Ordinary Shares on the basis of 100 Ordinary Shares to one ordinary share expected to take place on 22 October 2009;
<b>“subsidiary”</b>	a “subsidiary undertaking” as that term is defined in the 2006 Act;
<b>“Transaction Resolution”</b>	the resolution approving the Proposals set out as resolution 1 in the General Meeting Notice;
<b>“Two-thirds Majority Approval”</b>	in relation to a decision of the Board on a particular matter, approval of that decision by resolution of the Board passed by at least two thirds of the directors of the Company then in office;
<b>“United Kingdom” or “UK”</b>	the United Kingdom of Great Britain and Northern Ireland;
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia;
<b>“Warrants”</b>	the warrants exercisable into Ordinary Shares in the share capital of the Company to be issued to New Majority Shareholders pursuant to the terms of the Warrant Instrument;
<b>“Warrant Instrument”</b>	the warrant instrument executed by the Company on 24 September 2009;
<b>“Whitehall 2001 Funds”</b>	any one or more of Whitehall Street Global Real Estate Limited Partnership 2001, Whitehall Parallel Global Real Estate Limited Partnership 2001, Whitehall Street International Real Estate Limited Partnership 2001, Whitehall Street Global Employee Fund 2001, L.P. and Whitehall Street International Employee Fund 2001 (Delaware), L.P., each an investment fund sponsored and managed by The Goldman Sachs Group, Inc. and/or its affiliates; and
<b>“Whitehall Shareholder Group”</b>	all of the Whitehall 2001 Funds taken together as a group.

All references to “pounds”, “pounds sterling”, “sterling”, “£”, “pence”, “p” and “penny” are to the lawful currency of the United Kingdom.

All references to “**Euros**” and “**€**” are to the lawful currency of the member states of the European Union that adopt a single currency in accordance with the Treaty establishing the European Community as amended by the Treaty on European Union.

All references to “**US dollars**” and “**\$**” are to the lawful currency of the United States.

All references in this document to times are, unless the context otherwise requires, references to the time in London, United Kingdom.

All references to the singular include the plural and *vice versa*; and all references to one gender necessarily include the other gender.

All references to “**paragraph**” and “**Part**” in this document are references to the paragraphs and Parts of this document unless otherwise stated.

## APPENDIX SUMMARY OF CERTAIN AGREEMENTS

### 1. Shareholder Commitment Agreement

On 28 August 2009, the Company entered into the Shareholder Commitment Agreement with GF Investments, Qatar Holding, the MSREF Funds, the MSRESS Funds and CIC (acting on behalf of FIC) (the parties other than the Company, together the “**SCA Shareholders**”). The Shareholder Commitment Agreement was subsequently amended and restated by an amendment and restatement agreement dated 24 September 2009 between the Company, the SCA Shareholders (other than CIC) and FIC.

- Escrow arrangements

The SCA Shareholders (other than the MSRESS Funds) agreed to pay £150 million collectively in specified proportions into an escrow account in connection with the proposed purchase by the Company of the Existing Facility Agreement pursuant to the Citi Purchase Agreement.

Under the agreement, each SCA Shareholder has the option to fund its specified proportion of the Citi Deposit in dollars, rather than sterling. Where any SCA Shareholder has done this it is required to replace such dollar amount on or before 8 October 2009 with the appropriate amount of sterling as required by the terms of the escrow agreement which governs how the Citi Deposit is to be held in the escrow account.

If Admission occurs each SCA Shareholder (other than the MSRESS Funds) will with effect from Admission be deemed to have advanced a loan to the Company in the amount that it deposited with the escrow agent together with accrued interest. Where Admission does not occur, no loans will be deemed to have been advanced to the Company by the SCA Shareholders except where the funds deposited in escrow have been released to Citi as a consequence of a breach by an SCA Shareholder of its obligations under the Shareholder Commitment Agreement. In that case, a loan shall be deemed to have been advanced to the Company by each SCA Shareholder, save for the SCA Shareholder who is in breach of the agreement.

Where Admission has occurred, the obligation of the Company to repay the loan that is deemed to then arise will be offset against the obligation of each of the SCA Shareholders (other than the MSRESS Funds) to subscribe for Preference Shares pursuant to the Preference Share Subscription Agreement or New Ordinary Shares pursuant to the terms of the Subscription Agreement.

If one or more of the SCA Shareholders (other than the MSRESS Funds) purchase the Existing Facility Agreement following assignment of the Company's right to purchase the Existing Facility Agreement, the escrow funds will be applied towards that purchase, with any SCA Shareholder not participating in that purchase forfeiting its rights in respect of any escrow funds that it advanced.

- The Company and SCA Shareholder commitments

Subject to Admission occurring before 5.00 p.m. on 14 October 2009, the Company has undertaken to implement the Citi Loan Repurchase on the terms set out in the Citi Purchase Agreement.

Each SCA Shareholder undertook to use its best endeavours to implement the proposed refinancing and the Placing and Compensatory Open Offer by the Company on a basis consistent with the arrangements contemplated by certain term sheets entered into between them and the Company (or on such other basis as agreed in the Placing Letters, Subscription Agreements, New Articles, New Shareholders Agreement, the terms set out in the Prospectus and set out in other documents relating to the Proposals), and agreed to exercise all of its rights as a Shareholder, and to procure that each of its nominee directors on the Board exercise their rights as a director (subject to fiduciary duties), in order to fully implement the same. Each SCA Shareholder also undertook to provide all necessary waivers and other approvals required from it to permit the shareholder loans referred to in paragraph 11.5.1 of Part XI of the Prospectus to be made.

The term sheets referred to above set out the basis on which the refinancing and the Placing and Compensatory Open Offer should be conducted, including setting out the structure and size of the Placing and Compensatory Open Offer and the Offer Price. The term sheets also set out the maximum number of New Ordinary Shares which each SCA Shareholder should subscribe for in the Placing and Compensatory Open Offer and contained details of the Capital Reorganisation, including the proposed conversion of the SG Shares into Ordinary Shares on a basis which reflects the SG Shares' preferred capital rights. These term sheets were subsequently amended by the Share Purchase Commitment Agreement (further details of which are set out below).

Unless (i) by 5.00 p.m. on 14 October 2009 either Admission has occurred or Songbird or (ii) the Company or one of its affiliates has purchased the Existing Facility Agreement by that time, the Company shall automatically be deemed to have assigned all of its rights under the Citi Purchase Agreement to the SCA Shareholders. Each SCA Shareholder must then fund the acquisition of the Existing Facility Agreement from Citi in the specified proportions (after taking into account any escrow funds it has advanced). If any SCA Shareholder fails to fund its specified proportion of the acquisition, any other SCA Shareholder may fund the shortfall, provided that if more than one SCA Shareholder wishes to fund the shortfall such amount shall be funded *pro rata* to each relevant SCA Shareholder's specified proportion. The SCA Shareholder(s) who funds the shortfall shall share in the portion initially paid to the escrow account by the SCA Shareholder which has failed to fund the acquisition.

Separately, if GF Investments is required to make any payment to The British Land Company PLC under the British Land Agreement or the Whitehall 2001 Funds Agreement Qatar Holding and FIC shall reimburse GF Investments for their specified proportion of such payment.

If any SCA Shareholder fails to make a due payment under the Shareholder Commitment Agreement, they shall pay on demand to the other SCA Shareholders, in the specified proportions, a sum equal to the amount unpaid as liquidated damages.

## 2. CWG Share Purchase Agreement

On 17 September 2009, Songbird Finance entered into the CWG Share Purchase Agreement with Commerzbank AG, under which Songbird Finance agreed to purchase from Commerzbank AG 54,007,620 CWG Shares (the “**Acquisition Shares**”).

Songbird Finance will pay total consideration of £112 million to Commerzbank AG for the Acquisition Shares which will be transferred to Songbird Finance with full title guarantee and with all rights attaching to them, and free of all charges and encumbrances over them.

Subject to Commerzbank AG having proved to Songbird Finance’s satisfaction that it is the registered legal owner of the Acquisition Shares (unless Songbird Finance and Commerzbank AG waive, by written agreement between themselves, the need to fulfil this condition), Songbird Finance may elect any Business Day from the date of satisfaction or waiver of this condition, up to (and including) 20 October 2009 as the date of purchase. If Songbird Finance fails to specify a date within this period, the purchase shall not take place and neither Songbird Finance nor Commerzbank AG shall have any obligation to complete the purchase.

Instead of acquiring the Acquisition Shares itself, Songbird Finance may, without the consent of Commerzbank AG, assign its rights and obligations under the agreement to any of its wholly-owned subsidiaries or one or more of Qatar Holding, GF Investments and FIC. An assignee may, by written notice of Songbird Finance to Commerzbank AG, be replaced by any one of that assignee’s affiliates. Any such assignment is conditional upon all relevant assignees satisfying Commerzbank AG’s know your client checks and receipt of an undertaking from each of them to perform all of Songbird Finance’s obligations under the agreement.

A total of £20 million has been placed in escrow by GF Investments as a deposit to meet in part Songbird Finance’s obligation to pay the purchase price. If the purchase does not proceed as intended (other than as a result of a breach by Commerzbank AG of its obligations under the agreement or the condition referred to above not being satisfied or waived), the deposit shall be transferred to Commerzbank AG for its own account. This shall be the only remedy available to Commerzbank AG under the agreement, should the purchase not occur.

## 3. Share Purchase Commitment Agreement

On 17 September 2009 the Company, Songbird Finance, GF Investments, Qatar Holding, the MSREF Funds, the MSRESS Funds and CIC entered into certain arrangements in connection with the CWG Share Purchase.

GF Investments has advanced £20 million to be held in escrow pursuant to the terms of the CWG Share Purchase Agreement and an associated escrow agreement. Subject to Admission occurring, this amount shall be deemed to be a loan to the Company under the terms of the Shareholder Loan Agreement, for the principal sum of £20 million plus interest accrued up to the date of Admission. If such loan is advanced, GF Investments’ obligations to subscribe for New Ordinary Shares under the Subscription Agreements shall be offset against the Company’s obligation to repay that debt. If, however, following Admission, the sum in escrow is transferred

to GF Investments, GF Investments undertakes to pay such sum to the Company as soon as possible.

Unless (i) Admission has occurred by 5.00 p.m. on 14 October 2009 or (ii) by that time the CWG Share Purchase under the CWG Share Purchase Agreement has occurred, Songbird Finance shall be deemed automatically to have assigned all of its rights under that agreement to GF Investments, Qatar Holding and CIC (or one of their nominated assignees) (together the "Acquiring Shareholders"). Each Acquiring Shareholder must then fund the acquisition of the CWG Shares from Commerzbank AG in the specified proportions. If any Acquiring Shareholder fails to fund its specified proportion of the acquisition, any other Acquiring Shareholder may fund the shortfall, provided that if more than one Acquiring Shareholder wishes to fund the shortfall such amount shall be funded *pro rata* to each relevant Acquiring Shareholder's specified proportion.

If, other than by reason of a breach by Commerzbank of its obligations, neither Admission nor the CWG Share Purchase have occurred by 5.00 p.m. on 14 October 2009 then each Acquiring Shareholder shall refund to Glick a specified amount of the sum held in escrow.

If Qatar Holding, CIC or GF Investments fails to make a due payment under the CWG Share Purchase Agreement, they shall pay on demand to the other Acquiring Shareholders, in the specified proportions, a sum equal to the amount unpaid as liquidated damages. GF Investments shall be entitled to recover any such sum in priority to the claims of any other Shareholder.

Any Acquiring Shareholder shall be entitled to serve written notice on the Company requiring it, or one of its wholly-owned subsidiaries, to purchase any CWG Shares which such shareholder has acquired from Commerzbank AG following the assignment of Songbird Finance's rights under the CWG Share Purchase Agreement. The price to be paid for such purchase shall be the price per share paid by the Acquiring Shareholder to Commerzbank AG. Such notice must be delivered by no later than the 30th calendar day following the acquisition by the Acquiring Shareholder of any CWG Shares.

The parties agreed that the commitments by Qatar Holding, CIC, GF Investments, the MSREF Funds and the MSRESS Funds to participate in the Placing and Compensatory Open Offer as originally contained in the Shareholder Commitment Agreement be amended, in part to reflect increased commitments by Qatar Holding, CIC and GF Investments in order to fund, in part, the CWG Share Purchase.

#### **4. Placing Letters**

In connection with the Joint Bookrunners' obligations to use reasonable endeavours to procure placees for the New Ordinary Shares pursuant to the Placing Agreement, the Joint Bookrunners, as agents of the Company, have entered into a Placing Letter with each of FIC and Qatar Holding. Pursuant to the terms of the Placing Letters each of FIC and Qatar Holding has:

- agreed to acquire such number of firm placed New Ordinary Shares as are set out in paragraph 3.2 of Part I (*Information on the Placing and Compensatory Open Offer*) of the Prospectus;
- agreed to acquire in aggregate up to a maximum of 3,900,338,116 New Ordinary Shares (in the case of Qatar Holding) and 9,951,635,315 New Ordinary Shares (in the case of FIC) for which valid applications from Qualifying Shareholders are not received and which are not taken up in the Rump Placing; and
- given customary representations, warranties and undertakings to the Joint Bookrunners.

Pursuant to the Placing Letters, the Company has agreed to pay to each of Qatar Holding and FIC a commission of three per cent. of the value of the maximum number of New Ordinary Shares set out above and which FIC and Qatar Holding have agreed to take. An amount equal to this commission is deducted from the consideration payable by Qatar Holding and FIC under the Preference Share Subscription Agreement.

## **5. Glick Subscription Agreement**

On 24 September 2009, the Company and GF Investments entered into the Glick Subscription Agreement for the issue of 12,600,260,462 New Ordinary Shares for a total consideration of £126.0 million. The consideration payable by GF Investments is reduced by the amounts GF Investments contributed to the Citi Deposit and the Commerzbank Deposit.

The Glick Subscription Agreement is conditional on the Placing Agreement and the Preference Share Subscription Agreement becoming unconditional in all respects (save for any condition in the Placing Agreement or the Preference Share Subscription Agreement relating to the Glick Subscription Agreement having become unconditional) by 5.00 p.m. on 14 October 2009. If the condition is not satisfied by this time, the Glick Subscription Agreement terminates.

The Company has provided customary warranties to GF Investments under the Glick Subscription Agreement. GF Investments has committed not to (other than to affiliates) sell, transfer or grant an encumbrance over any New Ordinary Shares subscribed for under the Glick Subscription Agreement for a period of six months from Admission.

## **6. MSREF Subscription Agreement**

On 24 September 2009, the Company and the MSREF Funds entered into the MSREF Subscription Agreement for the issue of 3,056,547,509 New Ordinary Shares for a total consideration of £30.6 million. The consideration payable by the MSREF Funds is reduced by the amount the MSREF Funds contributed to the Citi Deposit. The MSREF Funds have also given an irrevocable undertaking under the MSREF Subscription Agreement to accept or procure the acceptance of the Compensatory Open Offer in respect of 510,758,799 Class B Shares to be offered.

The MSREF Subscription Agreement is conditional on the Placing Agreement and the Preference Share Subscription Agreement becoming unconditional in all respects (save for any

condition in the Placing Agreement or the Preference Share Subscription Agreement relating to the MSREF Subscription Agreement having become unconditional) by 5.00 p.m. on 14 October 2009. If the condition is not satisfied by this time, the MSREF Subscription Agreement terminates.

The Company has provided customary warranties to the MSREF Funds under the MSREF Subscription Agreement. The MSREF Funds have committed not to (other than to affiliates) sell, transfer or grant an encumbrance over any New Ordinary Shares subscribed for under the MSREF Subscription Agreement for a period of six months from Admission.

## **7. MSSS Subscription Agreement**

On 24 September 2009, the Company and MSSS entered into the MSSS Subscription Agreement for the subscription of 2,109,118,629 New Ordinary Shares for a total consideration of £21.1 million. Under the MSSS Subscription Agreement, MSSS has also agreed to subscribe for up to 370,360,633 New Ordinary Shares for which valid applications from Qualifying Shareholders are not received and which are not taken up in the Rump Placing (or by Qatar Holding or FIC under the Placing Letters).

The MSSS Agreement is conditional on the Placing Agreement and the Preference Share Subscription Agreement becoming unconditional in all respects (save for any condition in the Placing Agreement or the Preference Share Subscription Agreement relating to the MSSS Subscription Agreement having become unconditional) by 5.00 p.m. on 14 October 2009. If the Condition is not satisfied by this time, the MSSS Agreement terminates.

The Company has provided customary warranties to MSSS under the MSSS Subscription Agreement. MSSS has committed not to (other than to affiliates) sell, transfer or grant an encumbrance over any New Ordinary Shares subscribed for under the MSSS Subscription Agreement for a period of six months from Admission.

## **8. Glick Underwriting Agreement**

On 24 September 2009, the Company and Chichester Fund Limited entered into the Glick Underwriting Agreement. Under the Glick Underwriting Agreement, Chichester Fund Limited has agreed to subscribe for up to 1,900,000,000 New Ordinary Shares for which valid applications from Qualifying Shareholders are not received and which are not taken up in the Rump Placing or by Qatar Holding or FIC under the Placing Letters.

The Glick Underwriting Agreement is conditional on the Placing Agreement and the Preference Share Subscription Agreement becoming unconditional in all respects (save for any condition in the Placing Agreement or the Preference Share Subscription Agreement relating to the Glick Underwriting Agreement having become unconditional) by 5.00 p.m. on 14 October 2009. If the Condition is not satisfied by this time, the Glick Underwriting Agreement terminates.

The Company has provided customary warranties to Chichester Fund Limited under the Glick Underwriting Agreement. Chichester Fund Limited has committed not to (other than to affiliates)

sell, transfer or grant an encumbrance over any New Ordinary Shares subscribed for under the Glick Underwriting Agreement for a period of six months from Admission.

A commission of three per cent. of the value of the maximum number of New Ordinary Shares for which Chichester Fund Limited has undertaken to subscribe for (being £570,000) is payable by the Company to Chichester Fund Limited under the terms of the Glick Underwriting Agreement. The consideration payable by Chichester Fund Limited is reduced by the amount of the commission payable to Chichester Fund Limited.

## **9. Preference Share Subscription Agreement**

On 24 September 2009, the Company, Qatar Holding and FIC entered into a subscription agreement for the issue of 275 million Preference Shares at £1 per Preference Share for an aggregate consideration of £275 million. Under the Preference Share Subscription Agreement, Qatar Holding agreed to subscribe for 150 million Preference Shares for a total consideration of £150 million and FIC agreed to subscribe for 125 million Preference Shares for a total consideration of £125 million.

The Preference Share Subscription Agreement is conditional on the Placing Agreement, the Subscription Agreements and the Glick Underwriting Agreement becoming unconditional in all respects (save for any condition in those agreements relating to the Preference Share Subscription Agreement having become unconditional by 5.00 p.m. on 14 October 2009). If this condition is not satisfied by this time, the Preference Share Subscription Agreement terminates.

The Company has provided customary warranties to Qatar Holding and FIC under the Preference Share Subscription Agreement. A commission of two per cent. of Qatar Holding's and FIC's subscription amount is payable under the Preference Share Subscription Agreement therefore being £3 million in the case of Qatar Holding and £2.5 million in the case of FIC. The consideration payable by Qatar Holding and FIC is reduced by the amount Qatar Holding and FIC each contributed to the Citi Deposit and the commission due to each of them under the Placing Letters and the Preference Share Subscription Agreement.

Under the Preference Share Subscription Agreement, Qatar Holding and FIC have committed not to sell, transfer or grant an encumbrance over any New Ordinary Shares subscribed for under the Placing Letters for a period of six months from Admission (except to entities wholly owned by the Qatar Investment Authority in the case of Qatar Holding or to entities wholly owned by CIC in the case of FIC).

The Preference Shares have the rights set out in the New Articles as described in paragraph 4 of Part XI (*Additional Information*) of the Prospectus.

## **10. Escrow Agreement**

On 24 September 2009, the Company, J.P. Morgan Cazenove as escrow agent (the "Escrow Agent"), the Joint Bookrunners, Qatar Holding, FIC, the MSREF Funds, MSSS, GF Investments II, LLC and Chichester Fund Limited, entered into the Escrow Agreement. Under the terms of

the Escrow Agreement, Qatar Holding committed to deposit £290.9 million, FIC committed to deposit £274.5 million, the MSREF Funds committed to deposit £26.7 million, MSSS committed to deposit £24.8 million, GF Investments II, LLC committed to deposit £56.0 million and Chichester Fund Limited committed to deposit £18.4 million into escrow in relation to the Placing and Compensatory Open Offer and the subscription for the Preference Shares by Qatar Holding and FIC. These deposits represent (net of commissions and their proportion of the Deposits):

- Qatar Holding's and FIC's maximum commitments to subscribe for New Ordinary Shares under the Placing Letters and to subscribe for the Preference Share Subscription Agreement;
- GF Investments' commitment to subscribe for New Ordinary Shares under the Glick Subscription Agreement;
- MSREF's commitment to subscribe for New Ordinary Shares under the MSREF Subscription Agreement
- MSSS's maximum commitment to subscribe for New Ordinary Shares under the MSSS Subscription Agreement; and
- Chichester Fund Limited's maximum commitment to subscribe for New Ordinary Shares under the Glick Underwriting Agreement.

The deposits made under the Escrow Agreement will be released to the Company immediately on Admission. Under the Escrow Agreement, amounts deposited by Qatar Holding, FIC, MSSS and Chichester Fund Limited may be returned to them to the extent that the relevant party is not required to subscribe for the maximum number of shares which it has agreed to subscribe for under the Placing Letters, MSSS Subscription Agreement or the Glick Underwriting Agreement (as applicable).

Under the Escrow Agreement, if Admission has not occurred by 5.00 p.m. on 14 October 2009 (or by such later time as may be agreed for satisfaction of the condition relating to Admission contained in the Placing Agreement in accordance with the terms of that Agreement), the monies deposited under the terms of the Escrow Agreement will be returned to each of the parties.

## **11. New Facility Agreement**

- Background

On 24 September 2009, the Company, Songbird Finance, Songbird Newco and Songbird Acquisition entered into the New Facility Agreement in respect of a £135 million term loan with Chichester Fund Limited, MSREF Special, MSREF-T, MSREF-TE, MSREI and affiliates of Qatar Holding and CIC, as lenders. The facility has an initial term of 364 days with the option to extend, subject to certain conditions, for a further 364 day term.

- Purpose

The New Facility is to be used for Songbird Finance's general corporate purposes as well as to fund (directly or indirectly) in part the Citi Loan Repurchase and the CWG Share Purchase.

- Security

The New Facility Agreement obliges the Company and Songbird Finance to grant security over substantially the same assets as those securing the Existing Facility Agreement, and Songbird Acquisition and Songbird Newco to enter into a debenture in an agreed form within 10 business days of first utilisation. Failure to comply with this obligation within the required time will result in a 5 per cent. per annum interest step up until the security is put in place.

The security granted by the Company and Songbird Finance will rank behind the security granted under the Existing Facility Agreement, which remains in place for the benefit of the lender(s) under the Existing Facility Agreement and Citi as hedge counterparty under the Hedging Agreement, until the Hedging Agreement terminates in May 2010.

- Pricing

During the initial 364 day term of the New Facility Agreement, interest is payable at a rate of 7 per cent. per annum. If the extension option is utilised, the interest payable will increase by 1.5 per cent. per annum.

In addition, Songbird Finance has agreed to pay an arrangement fee of 2 per cent. of the total commitments from the proceeds of the first drawdown under the New Facility. Interest will accrue on the arrangement fee at the rate of 7 per cent. per annum from the date of the agreement until the fee is paid. In addition, a 0.5 per cent. early termination fee is payable in certain circumstances.

An extension fee of 1 per cent. on the available commitment and drawn amounts at that time is payable upon the exercise of the extension option.

- Repayment and prepayment

Songbird Finance is permitted to make voluntary prepayments of a minimum of £100,000 on at least ten business days' prior notice.

The New Facility Agreement also obliges Songbird Finance to prepay certain amounts (which cannot be redrawn) on the occurrence of specified events:

(i) the receipt of any distributions from CWG, subject to retention of certain permitted amounts;

(ii) the sale of substantially all of the assets of the Songbird Group or the Canary Wharf Group; and

(iii) the occurrence of a change of control of either the Company or Songbird Finance.

- Financial covenants

The New Facility Agreement contains no financial covenants other than a loan to value covenant tested at the Songbird Entities level which is one of the conditions that determines whether the New Facility may be extended for a further 364 days.

- Undertakings and events of default

The New Facility Agreement contains customary undertakings and events of default including regarding certain matters relating to the Canary Wharf Group.

On and at any time following the occurrence of an event of default which is continuing, the majority lenders may cancel any part of the total commitments; declare all or part of the New Facility due and payable; and/or declare that all of the New Facility be payable upon demand and or enforce all or any part of their security in relation to the New Facility.

## 12. Warrant Instrument

The Company has entered into a Warrant Instrument dated 29 September 2009, pursuant to which it has agreed to issue two tranches of Warrants to the original lenders under the New Facility Agreement in certain circumstances.

The first tranche of Warrants (over 2,127,333,334 Ordinary Shares) will be issued on the date of first utilisation under the New Facility Agreement (if utilisation occurs).

The second tranche of Warrants (709,333,334) will be issued if:

(i) following a period of two months after the date of two months after the date of first utilisation under the New Facility Agreement funds or commitments remain outstanding under the New Facility Agreement; or

(ii) the amount drawn under the New Facility Agreement exceeds £101,250,000.

Each Warrant is exercisable into one ordinary share of the Company, at an exercise price of £0.015.

The Warrants are freely transferable (subject to certain securities law restrictions) and can be exercised at any time in the three-year period following first utilisation of the New Facility Agreement. The Warrant Instrument contains anti-dilution and adjustment provisions.