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This announcement contains Inside Information as defined under the Market Abuse Regulation (EU) No. 596/2014.

27 September 2019

HIPGNOSIS SONGS FUND LIMITED

(the “Company” or “Hipgnosis”)

INITIAL PLACING, OFFER FOR SUBSCRIPTION AND INTERMEDIARIES OFFER OF C SHARES AND PLACING PROGRAMMES

AND

PUBLICATION OF CIRCULAR AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Further to the announcement on 10 September 2019, Hipgnosis announces an Initial Placing, Offer for Subscription and Intermediaries Offer of C shares of the Company (the “**C Shares**”) at a price of 100 pence per C Share (the “**Initial Issue Price**”) (the “**Initial Issue**”) and Placing Programmes of up to 1 billion new Ordinary Shares and/or C Shares (the “**Placing Programmes**”).

The Company expects to use the net proceeds of the Initial Issue to acquire an attractive pipeline of Catalogues that The Family (Music) Limited (the “**Investment Adviser**”) has identified in line with the Company’s investment policy. Accordingly, the Company is seeking to raise a target amount of £300 million (before expenses) via the Initial Issue that will provide the Company with funds to capitalise on these investment opportunities.

Any capitalised terms used but not otherwise defined in this announcement have the meaning set out in the prospectus to be published by the Company in connection with the Initial Issue and Placing Programmes.

Initial Issue highlights

- The target size of the Initial Issue is 300 million C Shares at the Initial Issue Price of 100 pence per C Share. The maximum number of C Shares issued pursuant to the Initial Issue shall not exceed 500 million
- The net proceeds will be used to acquire attractive Catalogues containing proven hit Songs from well-known songwriters, artists and producers which are in line with the Company’s Investment Policy to create further value for shareholders as well as increase the diversity of the portfolio

- The Company currently expects to deploy the net proceeds of the Initial Issue within six months of Admission
- An increase in the size of the Company will spread its fixed operating expenses over a larger capital base, which should reduce ongoing expenses per Share
- An increase in the size of the Company should also improve liquidity and enhance the marketability of the Company's Ordinary Shares, post conversion of the C Shares, resulting in a broader investor base over the longer term
- The actual number of C Shares to be issued pursuant to the Initial Issue will be determined by the Company and the Joint Bookrunners after taking into account the demand for C Shares and prevailing market conditions
- Through the Initial Issue the risks of cash drag and NAV dilution during the investment period will be mitigated by issuing C Shares, rather than Ordinary Shares
- The Initial Issue, which is not underwritten, is conditional, amongst other things, upon the approval of a prospectus in connection with the Initial Issue by the FCA (expected later today), Admission of the C Shares occurring no later than 8.00 a.m. on 22 October 2019 (or such later time and/or date as the Company and the Joint Bookrunners may agree) and the Placing Agreement not being terminated and becoming unconditional in accordance with its terms. If these conditions are not met, the Initial Issue will not proceed and an announcement to that effect will be made via a Regulatory Information Service
- The C Shares to be issued pursuant to the Initial Issue (or any Subsequent Placing under the Placing Programmes) will carry the right to vote in accordance with the Company's Articles, and will be entitled to participate in any dividends in relation to the assets attributable to the Initial Issue
- Application will be made for the C Shares to be admitted to the Premium listing segment of the Official List of the FCA and to trading on the London Stock Exchange's main market for listed securities

Pipeline

The Investment Adviser has entered into exclusivity agreements to acquire 9 Catalogues with an aggregate purchase price in the region of £300 million from well-known songwriters, artists and producers (the "**Pipeline Catalogues**"). In addition, the Company is in discussions on an expanded pipeline with an aggregate purchase price, together with the Pipeline Catalogues, of approximately £1 billion.

The Board and the Investment Adviser believe suitable acquisition opportunities exist which would allow the Net Issue Proceeds to be deployed within six months following Initial Admission.

Dividends

The Company has, since the IPO, paid and intends to continue to pay interim quarterly dividends to Ordinary Shareholders in November, February, May and August of each year. The Company's target dividend yield is 5 per cent. per annum on the Ordinary Shares (based on the issue price of the Ordinary Shares at IPO).¹ In addition the Board will target a total NAV return on the Ordinary Shares of 10 per cent. or more per annum (based on the issue price of the Ordinary Shares at IPO over the medium term (net of fees and expenses)).¹

The Directors have determined that the holders of the C Shares to be issued pursuant to the Initial Issue will be entitled to participate in any dividends of the Company in relation to assets attributable to that class of C Shares. Such amount will depend on the revenues received from Catalogues attributable to that class of C Shares, which is not known at the time of this Prospectus. C Shareholders will be informed of any dividends declared by the Company in respect of the C Shares to be issued pursuant to the Initial Issue by way of an RIS announcement.

The Directors will seek to maintain and grow the dividend over the long term and may offer Shareholders the opportunity to receive dividends in the form of scrip dividends.

Conversion of the C Shares

The C Shares to be issued pursuant to the Initial Issue will convert to New Ordinary Shares within one month of the Calculation Time, being the earlier of: (i) the close of business on the date on which the

Board becomes aware or is notified by the Investment Adviser that at least 80 per cent. of the Net Issue Proceeds has been invested in accordance with the Company's Investment Objective and Policy; or (ii) the close of business on 21 October 2020 (being the date that is 12 months following Initial Admission).

On the relevant Calculation Time, the net assets attributable to the Ordinary Shares then in issue, the net assets attributable to the C Shares issued pursuant to the Initial Issue and the resultant Conversion Ratio will be calculated.

Holders of a class of C Shares will receive such number of New Ordinary Shares as results from applying the Conversion Ratio to their holdings in the C Shares on the Conversion Time, with fractions of New Ordinary Shares being dealt with by the Directors in such manner as they see fit.

Following the Calculation Time, the Directors shall procure that the Conversion Ratio and the number of New Ordinary Shares due to each holder of the C Shares is calculated and that the Company's independent valuer prepares the fair valuations of the assets attributable to the Company's Ordinary Shares and the relevant class of C Shares in accordance with the Company's latest published valuation methodology.

Prospectus and Circular

Further details of the Initial Issue, Placing Programmes and Admission will be set out in the Prospectus, which, together with a Circular, are expected to be available today on the Company's website at www.hipgnosisongs.com and at the Company's registered office at PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY during normal office hours.

Copies of the Prospectus and the Circular will be submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM.

The Circular convening the Extraordinary General Meeting at which the Directors are seeking authority to, *inter alia*, disapply pre-emption rights in respect of a further one billion Ordinary Shares or C Shares to enable the Company to issue its full authority of Shares, if necessary, pursuant to the Placing Programmes, will be posted to Shareholders today.

Indicative timetable

Publication of the Prospectus and Circular, Initial Placing, Offer for Subscription and Intermediaries Offer open	27 September 2019
Latest time and date for applications under the Offer for Subscription/Intermediaries Offer and the payment in full under the Offer for Subscription/Intermediaries Offer and settlement of relevant CREST instructions (as appropriate) ²	11.00 a.m. on 15 October 2019
Latest time and date for receipt of placing commitments under the Initial Placing ²	12.00 p.m. on 16 October 2019
Publication of results of the Initial Issue	17 October 2019
Extraordinary General Meeting	10.00 a.m. on 17 October 2019
Initial Admission and commencement of dealings in the C Shares issued pursuant to the Initial Issue	8.00 a.m. on 22 October 2019
CREST accounts credited	22 October 2019
Where applicable, definitive share certificates despatched by post	Approximately two weeks following Initial Admission

Notes

¹ This is a target only and not a forecast. There can be no assurance that the target will be met and it should not be taken as an indication of the Company's expected or actual future results. Potential investors should not place any reliance on these targets and any investment decision should be made exclusively on the basis of the Prospectus.

² The Board may, subject to prior approval from the Joint Bookrunners, bring forward or postpone the closing time and date for the Initial Issue. In the event that such date is changed, the Company will notify investors who have applied for Issue Shares of changes by post, email, or by publication via a RIS.

References to times are to London times.

Dealing codes

ISIN for the Ordinary Shares	GG00BFYT9H72
SEDOL for the Ordinary Shares	BFYT9H7
Ticker code for the Ordinary Shares	SONG
Company's Legal Entity Identifier (LEI)	213800XJIPNDVKXMOC11

ISIN for the C Shares to be issued pursuant to Initial Issue	GG00BFYT9663
SEDOL for the C Shares to be issued pursuant to Initial Issue	BFYT966
Ticker code for the C Shares to be issued pursuant to Initial Issue	SONC

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NOTES TO EDITORS

About Hipgnosis Songs Fund Limited

(www.hipgnosissongs.com)

Hipgnosis, which was founded by Merck Mercuriadis, is a Guernsey registered investment company established to offer investors a pure-play exposure to songs and associated musical intellectual

property rights. The Company has raised a total of approximately £395 million (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent placings in April 2019 and August 2019. In September 2019, Hipgnosis transferred its entire issued share capital to the Premium listing segment of the Official List of the FCA and to the London Stock Exchange's Premium segment of the Main Market.

About The Family (Music) Limited

The Company's Investment Adviser is The Family (Music) Limited, which was founded by Merck Mercuriadis, former manager of globally successful recording artists, such as Elton John, Guns N' Roses, Morrissey, Iron Maiden and Beyoncé, and hit songwriters such as Diane Warren, Justin Tranter and The-Dream, and former CEO of The Sanctuary Group plc. The Investment Adviser has assembled an Advisory Board of highly successful music industry experts which include award winning members of the artist, songwriter, publishing, legal, financial, recorded music and music management communities, all with in-depth knowledge of music publishing. Members of The Family (Music) Limited Advisory Board include Nile Rodgers, The-Dream, Giorgio Tuinfort, Starrah, Nick Jarjour, David Stewart, Bill Leibowitz, Ian Montone, and Jason Flom.

IMPORTANT NOTE

The shares that will be the subject of the Initial Issue or a Subsequent Placing under the Placing Programmes (each a "Subsequent Placing") are not being offered or sold to any person in the European Union, other than to "qualified investors" as defined in Article 2.1 of Directive 2003/71/EC, which includes legal entities which are regulated by the Financial Conduct Authority or entities which are not so regulated whose corporate purpose is solely to invest in securities.

All offers of shares will be made pursuant to the Prospectus. This announcement does not constitute or form part of, and should not be construed as, any offer or invitation or inducement for sale, transfer or subscription of, or any solicitation of any offer or invitation to buy or subscribe for or to underwrite, any share in the Company or to engage in investment activity (as defined by the Financial Services and Markets Act 2000) in any jurisdiction nor shall it, or any part of it, or the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision whatsoever, in any jurisdiction. This announcement does not constitute a recommendation regarding any securities.

The information in this announcement is for information purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness. The material set forth herein is not intended, and should not be construed, as an offer of securities for sale or subscription in the United States or any other jurisdiction. Any purchase of shares should be made solely on the basis of the information contained in the Prospectus.

This announcement is not for publication or distribution, directly or indirectly, in or into the United States (including its territories and possessions, any state of the United States and the District of Columbia), Australia, Canada, South Africa or Japan. The distribution of this announcement may be restricted by law in certain jurisdictions and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Company will not be registered under the US Investment Company Act of 1940, as amended. In addition, the Company's shares referred to herein have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or under the securities laws of any state of the United States and may not be offered or sold in the United States or to or for the account or benefit of US persons absent registration or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable State securities

laws. The offer and sale of Company's shares referred to herein has not been and will not be registered under the Securities Act or under the applicable securities laws of any state, province or territory of Australia, Canada, South Africa or Japan. Subject to certain exceptions, the Company's shares referred to herein may not be offered or sold in Australia, Canada, South Africa or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, South Africa or Japan. There will be no offer of the Company's shares in the United States, Australia, Canada, South Africa or Japan.

N+1 Singer is authorised and regulated in the United Kingdom by the Financial Conduct Authority, and is acting exclusively for the Company and no-one else in connection with the Initial Issue and each Subsequent Placing. They will not regard any other person as their respective clients in relation to the Initial Issue and each Subsequent Placing and will not be responsible to anyone other than the Company for providing the protections afforded to their respective clients, nor for providing advice in relation to the Initial Issue and each Subsequent Placing, the contents of this announcement or any transaction, arrangement or other matter referred to herein.

JPMC, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting only for Company in connection with the matters described in this announcement and is not acting for or advising any other person, or treating any other person as its client, in relation thereto and will not be responsible for providing the regulatory protection afforded to clients of JPMC or advice to any other person in relation to the matters contained herein. Neither JPMC nor any of its directors, officers, employees, advisers or agents accepts any responsibility or liability whatsoever for this announcement, its contents or otherwise in connection with it or any other information relating to the Company, whether written, oral or in a visual or electronic format.

None of the Company, the Investment Adviser, N+1 Singer or JPMC or any of their respective affiliates accepts any responsibility or liability whatsoever for/ or makes any representation or warranty, express or implied, as to this announcement, including the truth, accuracy or completeness of the information in this announcement (or whether any information has been omitted from the announcement) or any other information relating to the Company whether written, oral or in a visual or electronic form, and howsoever transmitted or made available or for any loss howsoever arising from any use of the announcement or its contents or otherwise arising in connection therewith. The Company, the Investment Adviser, N+1 Singer and JPMC and their respective affiliates accordingly disclaim all and any liability whether arising in tort, contract or otherwise which they might otherwise have in respect of this announcement or its contents or otherwise arising in connection therewith.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties, many of which are beyond the Company's control and all of which are based on the Company's board of directors' current beliefs and expectations about future events. These forward-looking statements may be identified by the use of forward- looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's business, the results of operations, financial condition prospects, growth and dividend policy of the Company and the industry in which it operates. Forward-looking statements speak only as of the date they are made and cannot be relied upon as a guide to future performance. These forward-looking statements and other statements contained in this announcement regarding matters that are not historical facts involve predictions. No assurance can be given that such future results will be achieved; actual events or results may differ materially as a result of risks and uncertainties facing the Company.

Such risks and uncertainties could cause actual results to vary materially from the future results indicated, expressed or implied in such forward-looking statements. Forward looking statements speak only as of the date of this announcement.

The Company has a limited trading history. Potential investors should be aware that any investment in the Company is speculative, involves a high degree of risk, and could result in the loss of all or substantially all of their investment. Results can be positively or negatively affected by market conditions beyond the control of the Company or any other person. Past performance cannot be relied upon as a guide to, or guarantee of, future performance. Prospective investors are advised to seek expert legal, financial, tax and other professional advice before making any investment decision. The value of investments may fluctuate.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("Directive 2014/65/EU"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (c) local implementing measures (together, the "MiFID II Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Ordinary Shares and C Shares have been subject to a product approval process, which has determined that the Ordinary Shares and C Shares to be issued pursuant to the Initial Issue and the Placing Programmes are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the "Target Market Assessment").

Notwithstanding the Target Market Assessment, distributors should note that: the price of the Ordinary Shares and C Shares may decline and investors could lose all or part of their investment; the Ordinary Shares and the C Shares offer no guaranteed income and no capital protection; and an investment in the Ordinary Shares and/or C Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing Programmes. Furthermore, it is noted that, notwithstanding the Target Market Assessment, N+1 Singer and JPMC will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Ordinary Shares and/or the C Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the Ordinary Shares and the C Shares and determining appropriate distribution channels.

PRIIPS Regulation

In accordance with the Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts (the "**PRIIPs Regulation**"), a key information document in respect of the C Shares to be issued pursuant to the Initial Issue and the

Ordinary Shares has been prepared by Hipgnosis Songs Fund Limited and is available to investors at www.hipgnosissongs.com. If a new class of C Shares is issued under the Placing Programmes, Hipgnosis Songs Fund Limited will make available a key information document in relation to such class of C Shares as required under the PRIIPs Regulation.

If you are distributing the Shares, it is your responsibility to ensure that the relevant key information document is provided to any clients that are "retail clients".