

Hipgnosis Songs Fund Limited (“Hipgnosis” or the “Company”)

Interim Results

for the six months ended 30 September 2019 (“H1”)

The Board of Hipgnosis Songs Fund Limited and its Investment Adviser, The Family (Music) Limited, are pleased to announce the Company's interim results for the six months ended 30 September 2019.

Operational Highlights

- As at 30 September 2019 the Company had invested approximately £319.4 million through the acquisition of 27 Catalogues on a blended acquisition multiple of 12.84x historical annual net income, resulting in interests in 7,475 Songs
 - 1,061 Songs have held Number 1 positions in global charts
 - 4,027 Songs have held Top 10 positions in global charts
 - 15 Songs have won Grammy Awards
- During the period £192.6 million of gross equity capital was raised through secondary placings of Ordinary Shares
 - Post period end £231.0 million of gross equity capital was raised through our first issue of C Shares
- In September, the Company 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
- Since the period end the Company has invested a further £186.1 million through the acquisition of 15 Catalogues taking the total portfolio to 42 Catalogues, comprising 11,225 Songs, with a blended acquisition multiple of 12.99x historical annual net income
- Our Investment Adviser, The Family (Music) Limited, is currently in advanced stage discussions on an investment pipeline of over £1 billion

Financial Highlights

- Operative NAV increased by 5.0% to 108.46p (31 March 2019: 103.27p)
- Fair value of Catalogues, as determined by the independent valuer, increased to £344.6 million representing
 - A fair value increase of £16.6 million (5.0%) since 31 March 2019
 - A fair value increase of £25.4 million (7.9%) on acquisition cost, of which £15.6 million has been driven by like-for-like valuation increases excluding the impact of changes to USD:GBP exchange rates
- Net revenue from the portfolio increased to £22.6 million which was ahead of management expectations
- Adjusted¹ EPS increased to 3.55 pence per Ordinary Share and fully covered dividends declared in respect of the period
- At 30 September 2019, total dividends paid since launch on 11 July 2018 is 3.5p per Ordinary share representing a Total NAV Return of 11.96%

- Dividends of 2.5p paid during the period representing a Total NAV Return of 7.45% for the 6 month period
- Hipgnosis remains on track to achieve target dividend² of 5 pence per Ordinary Share for the full financial year
- Since 30 September, a second interim dividend of 1.25 pence per Ordinary Share has been declared and paid

Portfolio Highlights

- Hipgnosis co-own five of the Billboard Magazine's recently announced "Top 10 Songs of the Decade":
 - Number 1 – 'Uptown Funk' by Mark Ronson featuring Bruno Mars which was Number 1 in 19 countries and topped the Billboard Hot 100 for 14 weeks, is certified 11x platinum in the US and has been streamed over 1.1 billion times on Spotify alone.
 - Number 3 – 'Shape of You' by Ed Sheeran which was the best performing song of 2017 and was announced as the most streamed song of the decade after becoming the first song to reach 2 billion streams. 'Shape of You' topped the singles charts in 34 countries including the US where it remained Number 1 for a record equalling 16 consecutive weeks and is certified diamond in 5 countries including in the US.
 - Number 4 – 'Closer' by The Chainsmokers featuring Halsey which reached Number 1 in over 10 countries and topped the Billboard Hot 100 for 12 consecutive weeks. It also became only the second song in the history of the Billboard Hot 100 to spend 32 weeks in the Top 10.
 - Number 5 – 'Girls Like You' by Maroon 5 featuring Cardi B which topped the charts in 17 countries including spending 7 consecutive weeks at the top of the Billboard Hot 100.
 - Number 9 – 'Despacito' by Luis Fonsi and Daddy Yankee featuring Justin Bieber which topped the Billboard Hot 100 for a record equalling 16 consecutive weeks and became the first Latin song to be certified diamond in the US.
- 'These Days' co-written by Jamie Scott received the Ivor Novello award for 'Most Performed Work'.
- At the 2019 Billboard Awards:
 - The Chainsmokers took home the "Top Dance/Electronic Album" for their album 'Sick Boy' and "Top Dance/Electronic Artist".
 - Panic! At the Disco were awarded "Top Rock Song" for 'High Hopes' and "Top Rock Album" for their album 'Pray for the Wicked', which Sam Hollander wrote nine songs on.
 - 'Girls Like You' by Maroon 5 featuring Cardi B, which was co-written by Starrah, won "Top Hot 100 Song", "Top Selling Song", "Top Radio Song" and "Top Collaboration".
- At time of writing, 'High Hopes', co-written by Sam Hollander, has spent 75 weeks in the Billboard Hot Rock Songs Chart, with 41 of those being at Number 1. It is also arguably the most synced song of 2019.
- Nile Rodgers curated 'Meltdown 2019' where he performed songs co-written with Bernard Edwards as Chic. David A. Stewart also launched his live show "The Eurythmics Songbook" at Meltdown 2019 to a sold out audience.

- Jason Aldean earned his 23rd career and fourth consecutive radio chart topper with 'Rearview Town' off his Number 1 album 'Rearview Town' which was produced by Michael Knox. His new album '9', which was included in the Michael Knox deal, is currently the Number 1 album on the Billboard sales chart and Number 2 on the Billboard 200 which combines sales and streaming. In addition to the producer royalties it includes four songs we co-own written by Jaron Boyer.
- In November, Journey and David A. Stewart were announced as nominees for the 2020 Songwriters Hall of Fame.
- Nile Rodgers & Chic had an incredibly successful summer tour of the UK and Europe and now continue to tour the US with Cher performing numerous hits from our Bernard Edwards Catalogue.
- Celine Dion's new album 'Courage' - including our single 'Lying Down' by Giorgio Tuinfort - is currently Top 5 all over the world and has just been Number 1 in the US.
- Beyoncé's 'Homecoming' movie (and album) includes more than 14 of our songs and in addition to being a massive success has just been nominated for a 2020 Grammy Award.
- Shawn Mendes continues his world tour - one of the most successful of 2019 globally - performing all of the songs we co-own via several of his co-writers.
- Adele's album '21', which includes 'Set Fire To The Rain' co-written and produced by Fraser T. Smith, has reached 2.5 billion streams on Spotify alone.
- Eurythmics - David A. Stewart and Annie Lennox reunited for the first time in 14 years for Sting's Rainforest Fund benefit playing 3 Songs from our Portfolio.

⁽¹⁾ Excluding £1.5 million of exceptional expenses relating to the Working Capital Facility and Migration to the Premium Segment of the London Stock Exchange.

⁽²⁾ This is a target only and there can be no assurance that the target can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company or assume that the company will make any distributions at all and should decide for themselves whether or not the target dividend yield is reasonable or achievable.

A copy of the Interim Report and Condensed Consolidated Financial Statements has been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/NSM. The Interim Report and Condensed Consolidated Financial Statements will also shortly be available on the Company's website at www.hipgnosissongs.com/ where further information on the Company can also be found.

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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 over £625 million (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent issues in April 2019, August 2019 and October 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.

Corporate Summary

Investment Objective

The Company's investment objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in a portfolio of Songs and their associated musical intellectual property rights. The Portfolio has been created by investing in Catalogues of proven established Songs from well-known songwriters and recording artists. However, each Song is considered to be a separate asset.

Structure

The Company is an investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 8 June 2018. The Company is registered with the Guernsey Financial Services Commission under the Registered Collective Investment Scheme Rules 2015, and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Company is not authorised or regulated by the Financial Conduct Authority.

The Company makes and manages its investments directly or indirectly through a number of wholly owned subsidiary companies incorporated in England & Wales, together referred to as the Group.

Investment Process

The Company's Investment Adviser, The Family (Music) Limited, was founded by Merck Mercuriadis. Merck is the manager and / or former manager of globally successful recording artists such as Elton John, Guns N' Roses, Morrissey, Iron Maiden, Nile Rodgers and Beyoncé, and hit songwriters such as Diane Warren, Justin Tranter and The-Dream. Merck Mercuriadis is the former CEO of The Sanctuary Group plc.

The Family (Music) Limited has been appointed by the Board to source Songs and provide recommendations to the Board on acquisition and disposal strategies. The Investment Adviser is also responsible for managing and monitoring royalty and/or fee income due to the Company from its copyrights and collection agents, and developing strategies to maximise the earnings potential of the Songs in the portfolio through improved placement and coverage of Songs.

The Investment Adviser continues to assemble 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 and access to a significant network of relationships in the music industry.

The Board has formed a Portfolio Committee which considers the recommendations of the Investment Adviser before granting its approval to purchase the Catalogues of Songs, as well as an Asset Management Committee which considers the ongoing management and revenue maximisation of the Catalogues of Songs. These committees are chaired by Paul Burger and Andrew Sutch, respectively.

Principal Risks and Uncertainties

The Company's principal risks are related to market conditions in the music business in general, but also the particular circumstances of the Catalogues of Songs in which it is invested. The Board and the Investment Adviser seek to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

The principal risks and uncertainties of the Company will be continuously monitored by the Board, with input from the Investment Adviser and its Advisory Board.

The risks set out below are taken from the Company's latest Prospectus published on 27 September 2019. The principal risks facing the Company are concentration risk from investing only in the global music copyright sector and inherent risks associated with the fast-changing landscape within the music industry.

Key risks relating to the Company:

- The Company has a limited operating history, and investors have a limited basis on which to evaluate the Company's ability to achieve its investment objective; and

- The Company's target annual dividend yield and target total NAV return are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies. The actual dividend yield and total NAV return may be materially different to those targeted and payments of dividends from capital reduces the amount of cash that can be deployed for investment purposes.

Key risks relating to the music industry:

- For a wide number of reasons, a Song may not prove to be as popular, or as commercially successful, as had been forecast at the time of acquisition and there can be no guarantee that the historic performance of a Song will continue in the future;
- DSPs may alter their current prices for consumers which could impact on the profitability of the Songs licensed to such DSPs; and
- The streaming business model is yet to be proven in the long term and the streaming market is vulnerable to online domination by one DSP, which may affect the pricing structures used by such DSPs.

Key risks relating to the Company's Investment Adviser:

- The Company and the other fund entities are reliant on the expertise of the Investment Adviser and its key personnel (including Merck Mercuriadis) to source and advise on potential Catalogues and to implement the Company's investment strategy so as to meet the target dividend yield and target total NAV return.

Key risks relating to the Company's investment policy:

- Catalogues and other Songs are difficult to value and Song valuations are subject to fluctuations. The market standard valuation method is to value Songs and Catalogues by reference to historic revenues generated. There can therefore be no guarantee that the valuation will be justified by reference to future revenues or that the Company will be able to realise the acquisition value upon a future sale;
- The Company's investments may be subject to foreign currency fluctuations between Sterling and any other currency in which acquisitions of Catalogues are denominated or income is earned by the Company, which may have an adverse effect on the performance of the Company; and
- The Company may utilise borrowings for working capital, interest rate hedging purposes, and for short-term bridging purposes to finance the acquisition of Songs. While such leverage provides flexibility and presents opportunities for increasing total NAV return, it can also have the opposite effect of increasing losses.

Key risks relating to regulation and taxation:

- If payments to the Group are subject to withholding tax in any tax jurisdiction, the Company's financial condition and prospects could be materially and adversely affected; and
- Changes in law or regulations underpinning the Company's regulatory environment, or a failure to comply with any laws or regulations, may adversely affect the businesses, investments and performance of the Company and the Investment Adviser.

AIC

The Company is a member of the Association of Investment Companies and complies with the AIC Code. The Company's page can be found by clicking on this [link](#).

Website

The Company's website, which can be found at www.hipgnosissongs.com, includes information on the Company, such as its prospectus, past reports and accounts, policies, media coverage and regulatory news announcements.

Chairman's Statement

Introduction

This is the Company's second interim report since its launch and it covers the six months ended 30 September 2019. The report summarises that significant progress has been made in building a portfolio of proven Songs which are generating strong investment returns and in raising new equity capital to fund further investments with a view to delivering increased value for our shareholders.

During the period, the Company has invested a further £199.5 million across 15 Catalogues utilising the remaining proceeds from the IPO in 2018 as well as proceeds from the subsequent placing raising £141.5 million in April 2019. Having deployed or committed our existing capital resources the Company raised a further £51.1 million of equity capital in August 2019.

At the end of September the portfolio consisted of 27 Catalogues with an aggregate acquisition value of £319.4 million. Since the period end, the Company has acquired a further 15 Catalogues for an aggregate of £186.1 million increasing our current portfolio to 42 Catalogues comprising 11,225 Songs.

In September, the Company 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 ahead of a successful C Share issue in October which raised £231.0 million, taking the total equity capital raised since IPO to over £625 million.

Investments

During the period to 30 September 2019, the Company acquired 15 Catalogues comprising 4,379 Songs for a total consideration of £199.5 million. The acquisitions have significantly diversified the portfolio which now includes Songs performed by hundreds of artists across multiple genres. All of the acquisitions were sourced by our Investment Adviser, The Family (Music) Limited, who together with

its Advisory Board provide access to some of the most successful artists, songwriters and producers globally.

Performance

I am pleased to report an increase in net income from the portfolio to £22.6 million for the period (financial period ended 31 March 2019: £7.2 million), which was ahead of management's expectations for the period. Adjusted⁽¹⁾ operating profit for the period before tax increased to £14.1 million (financial period ended 31 March 2019: £3.0 million) with an increased ongoing charges figure of 1.76% (financial period ended 31 March 2019: 1.70%) as a result of increased due diligence and other variable acquisitions costs as the Company has acquired a greater number of Catalogues during the period and built a significant pipeline of Catalogues for acquisition in the second half of our financial year.

Adjusted Earnings Per Share (EPS)⁽¹⁾ grew to 3.55p (financial period ended 31 March 2019: 1.17p) and basic EPS grew to 3.19p (financial period ended 31 March 2019: 1.17p).

The Board considers that the most relevant NAV for Shareholders is the 'Operative NAV' which reflects the fair value of the Company's Catalogues as valued by an Independent Valuer and is calculated semi-annually. The Operative NAV as at 30 September 2019 increased by 5.03% to 108.46p per Ordinary Share, from 103.27p as at 31 March 2019. Therefore, together with the dividends of 2.5p per Ordinary Share paid, the Company has delivered a total NAV return of 7.45% during the period.

At 30 September 2019 the Company had no C Shares in issue; therefore the first NAV for the C Shares to be published, unless already converted, will be as at 31 March 2020.

Dividend

In the first half of the current financial year the Company has paid dividends of 2.5p per Ordinary Share. The Company's third interim dividend for the period from 1 January 2019 to 31 March 2019 of 1.25p per Ordinary Share was paid on 31 May 2019. The first interim dividend for the period from 1 April 2019 to 30 June 2019 of 1.25p per Ordinary Share was paid on 30 August 2019.

Since the period end, on 24 October 2019 the Company declared its second interim dividend for the period from 1 July 2019 to 30 September 2019 of 1.25p Ordinary Share and which was paid to shareholders on 29 November 2019.

As previously reported, the Company is targeting a total dividend of 5.0p⁽²⁾ per Ordinary Share for the current financial year ending 31 March 2020.

Working Capital Facility

In its first Annual Report, the Company stated that the Directors considered it a priority that the Company's level of gearing should be established at appropriate levels with sufficient flexibility to enable the Board to adapt at short notice to take advantage of changes in market conditions.

In August 2019, the Company negotiated a £65 million Revolving Credit Facility with JP Morgan Chase Bank, N.A., with an option to increase this to £100 million, subject to certain conditions and

commitments from willing lenders. The facility, which is available for three years, will provide Hipgnosis with increased flexibility to fund investments and working capital going forward. At period end £13.75 million was drawn on this facility which has since been repaid. The Revolving Credit Facility is at present unutilised.

The maximum level of gearing under the Company's investment restrictions is 20% of the Company's net asset value. The Board will continue to review the Company's level of gearing, if any, on a regular basis.

⁽¹⁾ Excludes £1.5 million of exceptional expenses relating to the Working Capital Facility and Migration to the Premium Segment of the London Stock Exchange.

⁽²⁾ This is a target only and there can be no assurance that the target can or will be met and should not be taken as an indication of the Company's expected or actual future results. Accordingly, potential investors should not place any reliance on this target in deciding whether or not to invest in the Company or assume that the company will make any distributions at all and should decide for themselves whether or not the target dividend yield is reasonable or achievable.

The Board

As part of the Company's migration to the Premium Listing Segment of London Stock Exchange's Main Market the Company has made the following changes to the Board and its committees:

- Paul Burger was appointed as Senior Independent Director on 9 September 2019;
- Sylvia Coleman was appointed as an independent Non-Executive Director with effect from 21 November 2019; and
- On 9 September 2019, the Board established a nomination committee and a remuneration committee which will be responsible for appointment and remuneration of Directors:
 - **Nomination Committee**
Paul Burger has been appointed as the Chairman of the Nomination Committee. As the Board is comprised wholly of independent Non-Executive Directors, all members of the Board are members of the Nomination Committee.
 - **Remuneration Committee**
Simon Holden has been appointed as the Chairman of the Remuneration Committee. As the Board is comprised wholly of independent Non-Executive Directors, all members of the Board are members of the Remuneration Committee.

Outlook

On behalf of the Board I would like to express my thanks to all of our Shareholders for their continuing support. The Company continues to work tirelessly to assemble a diversified portfolio of proven Songs, sourced by our Investment Adviser. Our pipeline of Catalogues remains very strong with a total investment value of over £1 billion and our investment thesis remains as strong as it was at the time of our IPO. I look forward to updating you as we deploy our remaining capital.

Andrew Sutch
Chairman
10 December 2019

Financial and Operational Highlights

As at 30 September 2019, the Company had 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.

Catalogue Acquisitions during the period

As at 30 September 2019, the Company had deployed approximately £199.5 million during the interim period and £319.4 million in total since IPO on 27 Catalogues (7,475 Songs).

The Catalogues acquired as at 30 September 2019 are as below:

Catalogue	Acquisition Date	Interest Ownership	Total Songs
Terius Nash (The-Dream)	11 July 2018	75%	302
Jason Boyd (Poo Bear)	16 November 2018	100%	214
Bernard Edwards	28 November 2018	37.5%	290
TMS	7 December 2018	100%	121
Tricky Stewart	17 December 2018	100%	121
Giorgio Tuinfort	3 January 2019	100%	182
Itaal Shur	30 January 2019	100%	209
Rico Love	21 March 2019	100%	245
Sean Garrett	21 March 2019	100%	588
Johnta Austin	21 March 2019	100%	249
Ari Levine	31 March 2019	100%	76
Sam Hollander	31 March 2019	100%	499
Teddy Geiger	9 April 2019	100%	6
Starrh	23 April 2019	100%	73
David A. Stewart	10 May 2019	100%	1,068
Jamie Scott	21 May 2019	100%	144
Al Jackson Jr.	30 May 2019	100%	185
Michael Knox	10 June 2019	100%	110
Lyric Catalogue	12 June 2019	100%	571
Brian Kennedy	12 June 2019	100%	101
Jon Bellion	12 June 2019	100%	180
Neal Schon	21 June 2019	100%	357
Eric Bellinger	1 July 2019	100%	242
Jason Ingram	1 July 2019	100%	462
Andy Marvel	26 July 2019	100%	740
Benny Blanco	7 August 2019	100%	93
The Chainsmokers	20 August 2019	100%	47
Total			7,475

Key Metrics

	30 September 2019	31 March 2019
	£	£
IFRS NAV ⁽¹⁾	389,448,352	198,558,826
Adjustments for revaluation of Catalogues of Songs to fair value	25,353,642	8,743,795
Reversal of IFRS amortisation	7,487,840	1,491,922
Operative NAV ⁽²⁾	422,289,834	208,794,543
Operative NAV ⁽²⁾ per share	108.46p	103.27p
Middle market share price	107.50p	107.50p
(Discount) / Premium to Operative NAV	(0.9%)	4.10%
Ongoing charges figure (%) ⁽³⁾⁽⁴⁾	1.76%	1.70%
Total dividends declared in respect of the period	2.5p	2.25p

⁽¹⁾ Catalogues of Songs are classified as intangible assets and measured at amortised cost or cost less impairment in accordance with IFRS.

⁽²⁾ The Directors are of the opinion that an Operative NAV provides a meaningful alternative performance measure and the values of Catalogues of Songs are based on fair values produced by an Independent Valuer.

⁽³⁾ Alternative performance measure: annualised ongoing charges (£6,819,369) divided by average Operative NAV £387,161,801. Ongoing charges are those expenses of a type which are likely to recur in the foreseeable future, whether charged to capital or revenue, and which relate to the operation of the Company as a collective fund, excluding the costs of acquisition/disposal of investments, performance fees, financing charges and gains/losses arising on investments. Ongoing charges are based on costs incurred in the year as being the best estimate of future costs.

⁽⁴⁾ The ongoing charges figure has been adjusted to exclude £1.5 million of exceptional expenses relating to the Working Capital Facility and Migration to the Premium Segment of the London Stock Exchange

Subsequent Events

At the end of 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 ahead of a successful C Share raise in October of £231.0 million. The total capital raised since launch now stands at over £625 million.

Catalogue Acquisitions subsequent to the period end

As at 10 December 2019, the Company had deployed approximately £505.6 million on 42 Catalogues (11,225 Songs).

Catalogue	Acquisition Date	Interest Ownership	Total Songs
Timbaland	9 October 2019	100%	108
Journey*	17 October 2019	100%	103
10cc	17 October 2019	100%	29
Jaron Boyer	5 November 2019	100%	109
John Newman	7 November 2019	100%	47
Arthouse	15 November 2019	100%	44
Fraser T Smith*	25 November 2019	100%	298
Ammar Malik*	5 December 2019	100%	90
Kaiser Chiefs*	9 December 2019	100%	48
Ed Drewett*	9 December 2019	100%	109
Jack Antonoff*	10 December 2019	99%	188

Emile Haynie*	10 December 2019	100%	122
Jeff Bhasker*	10 December 2019	100%	436
Brendan O'Brien*	10 December 2019	100%	1,855
Johnny McDaid*	10 December 2019	100%	164
Total to date			3,750

* These Catalogues have been allocated to the C Shares

Investment Adviser's Report

Introduction

I created the Company to establish proven songs as an asset class and give the investment community access to the predictable and reliable revenues generated by these incredible Songs. I am delighted to report on our second interim period where we are seeing excellent returns being generated from the Catalogues that we have acquired.

Since 31 March 2019, we have acquired a further 30 Catalogues which contain some of the most culturally important and commercially successful Songs of all time including Eurythmics' 'Sweet Dreams (Are Made of This)', Journey's 'Don't Stop Believin'', The Chainsmokers' 'Closer', Al Green's 'Let's Stay Together' and Ed Sheeran's 'Shape of You' and 'Castle On The Hill'.

I am thrilled that we now co-own five of the "Top 10 Songs of the Decade" as recently announced by Billboard Magazine. This includes the record breaking Number 1 hit of the decade 'Uptown Funk' which topped the singles charts in 19 countries including staying at Number 1 on the Billboard Hot 100 for 14 consecutive weeks making it one of the longest running Number 1 singles of the decade. It also broke the US and worldwide streaming record whilst being certified 11x platinum in the US.

I am delighted that we have transferred our entire share capital to the gold standard of stock exchanges, the Premium Listing Segment of the London Stock Exchange. By complying with the highest standards of corporate governance I hope Hipgnosis is more accessible for all investors who want exposure to our incredible portfolio of Songs.

I must thank all of our Shareholders for their endorsement of our thesis and their continued support, particularly backing us with £282.1 million of new equity capital in the last four months, taking our total funds raised since launch 16 months ago to over £625 million. We remain the only listed fund globally that exclusively offers exposure to the uncorrelated returns generated from proven hit songs and we have lined up the finest available song Catalogues to quickly invest our remaining funds.

Market Conditions

The song and recorded music industry continues to grow driven by increasing streaming revenue as the number of paid subscribers to streaming platforms grows rapidly, both within the established platforms and with new entrants moving into the marketplace.

Spotify recently announced that it had 113 million premium subscribers at 30 September 2019, up 31% year-on-year. Spotify's total MAU (including paying and advertisement funded customers) in Q3 grew 30% year-on-year to 248 million. Apple Music, the other market leader, announced in June 2019 that

it had passed 60 million paying subscribers, up from 50 million in June 2018. We expect another big announcement from them soon.

Whilst the U.S. remains the dominant territory in music streaming, accounting for 39% of global streaming revenue in 2019, Southeast Asia (excluding India) remains Spotify's fastest growing region, whilst India outperformed their forecasts by 30% this third quarter 2019. This continues to support the thesis that streaming will provide legitimate music revenues from emerging markets which were previously dominated by illegitimate consumption of music.

ByteDance, the company behind the social media platform TikTok, is expected to launch a music streaming app next month with the aim of challenging Spotify, TencentMusic and Apple Music in Asia and India. ByteDance have held talks with several global music companies to strike deals for the new platform and it was recently revealed that it has amassed more than one billion monthly active users across its apps. The songs we have acquired by The Chainsmokers, Ariana Grande, Taylor Swift, Ed Sheeran, Camilla Cabello, Shawn Mendes and Justin Bieber are particularly important in this space.

Portfolio

As at 30 September 2019, the Company had acquired 27 Catalogues comprising 7,475 songs for a total of £319.4 million, representing a blended acquisition multiple of 12.84x historical average net income.

The Portfolio contained 1,061 Songs that have held Number 1 positions in global charts, 4,027 Songs that have held Top 10 chart positions and 15 Grammy award winning Songs. The Songs have been performed by globally successful artists including Eurythmics, Al Green, Diana Ross, Beyoncé, Rihanna, Adele, Justin Timberlake, Madonna, Britney Spears, Jay Z, Bruno Mars, Journey, Chic, Sister Sledge, Booker T & The MG's, Rudimental, Jess Glynne, One Direction, Mick Jagger, Tom Petty & The Heartbreakers, 10cc, Little Mix, Justin Bieber, The Chainsmokers, Sugarhill Gang, Camilla Cabello, Mariah Carey, Mary J. Blige, No Doubt, Gwen Stefani, Sia, David Guetta, Shaun Mendes, Maroon 5, Gwen Stefani, Stormzy, John Newman, James Morrison, Jason Aldean, Ariana Grande, Ed Sheeran, Taylor Swift, Mark Ronson, Kanye West, Pearl Jam, Bruce Springsteen, Red Hot Chilli Peppers, Harry Styles, Rick Ross, Rage Against The Machine, Panic At The Disco, TLC, Michael Jackson, Robbie Williams and Santana. The full list of the portfolio is detailed in the Financial and Operational Highlights.

The fair value of the Portfolio increased to £344.8 million (31 March 2019: £128.7 million), which reflects a fair value increase in the Portfolio, as determined by the Independent Valuer, of £16.6 million (+5.1%) since 31 March 2019 and £25.4 million (+7.9%) on acquisition cost, of which £15.6 million has been driven by like for like valuation increase excluding the impact of favourable changes to USD:GBP exchange rates. The increase in like for like valuation is primarily the result of the revenues being above forecasts impacting the expected earnings in the valuations prepared by the Independent Valuer.

Since the period end, we have acquired 15 new Catalogues for a total value of £186.1 million fully deploying all remaining investible cash attributable to the Ordinary Shares and deploying over 75% of the net proceeds of the October C Share raise. Following these acquisitions the blended acquisition multiple for the total portfolio will be 12.99x historical average net income. This slight increase is a result of some of the Catalogues acquired being of an older vintage than the period end portfolio.

The full list of Catalogues acquired subsequent to the period end is set out in the Financial and Operational Highlights.

These newly acquired Catalogues include the diamond certified 'Shape of You' by Ed Sheeran, 'Uptown Funk' by Mark Ronson featuring Bruno Mars and 'We Are Young' by Fun featuring Janelle Monáe representing that each of these hits has sold over 10 million copies in the US alone.

The new Catalogues also include the US or UK Number 1 or Platinum certified Songs: 'Promiscuous', 'Say It Right' and 'Maneater' by Nelly Furtado; 'Sexy Back', 'My Love', 'What Goes Around...Comes Around' and 'Suit & Tie' by Justin Timberlake; 'Holy Grail' by Jay-Z featuring Justin Timberlake; 'Give It To Me' by Timbaland featuring Nelly Furtado and Justin Timberlake; 'Try Again' by Aaliyah; 'Apologize' by Timbaland featuring OneRepublic; 'The Way I Are' by Timbaland featuring Keri Hilson, D.O.E. vs. Sebastian; 'Talking To The Moon', 'Power' and 'Love Lockdown' by Kanye West; 'Amazing' by Kanye West featuring Young Jeezy; 'Runaway' by Kanye West featuring Pusha T; 'All Of The Lights' by Kanye West featuring Rihanna; 'Monster' by Kanye West featuring Jay-Z, Rick Ross, Nicki Minaj and Bon Iver; 'Run This Town' by Jay Z featuring Rihanna and Kanye West; 'Kiss It Better' by Rihanna; 'Girl On Fire' by Alicia Keys; 'Love Me Again' by John Newman; 'Locked Out Of Heaven', 'Young Girls' and 'Gorilla' by Bruno Mars; 'Summertime Sadness' by Lana Del Rey; 'Set Fire To The Rain' by Adele; 'Blinded By Your Grace, Pt. 2' by Stormzy featuring MNEK, 'Broken Strings' by James Morrison featuring Nelly Furtado; 'Number 1' by Tinchy Stryder featuring N-Dubz; 'Break Your Heart' by Taio Cruz; 'Just Give Me A Reason' by Pink featuring Nate Ruess; 'Headlights' by Eminem featuring Nate Ruess; 'Some Nights' and 'Carry On' by Fun; 'Look What You Made Me Do' and 'Out Of The Woods' by Taylor Swift; 'Green Light' by Lorde; 'Stand By You' by Rachael Platten; 'Brave' by Sara Bareilles; 'Best Song Ever', 'Steal My Girl' and 'History' by One Direction; 'Sign Of The Times' by Harry Styles; 'All Time Low' and 'Glad You Came' by The Wanted; 'Black Magic' by Little Mix; 'Dear Darlin'' by Olly Murs; 'Rise' by Jonas Blue featuring Jack & Jack; 'Mama' by Jonas Blue featuring William Single; 'What About Us' and 'Beautiful Trauma' by Pink; 'Castle On The Hill', 'Photograph', 'Bloodstream', 'Tenerife Sea', 'What Do I Know', 'Supermarket Flowers' and 'Galway Girl' by Ed Sheehan; 'River' by Eminem featuring Ed Sheehan; 'Girls Like You' by Jason Aldean; 'Somewhere On A Beach' by Dierks Bentley; and 'Burning House' by Cam.

In addition the Catalogues include some of the most influential albums in the history of rock music with the Red Hot Chilli Peppers' 'Blood Sugar Sex Magik', Pearl Jam's 'Vitalogy', Rage Against the Machine's 'Evil Empire' Stone Temple Pilots' 'Purple', and Bruce Springsteen's 'The Rising', 'Devils and Dust', 'Magic' and 'Working on a Dream' as well as the multi-platinum certified 'Born to Die' by Lana Del Rey and Kid Cudi's 'Man on the Moon: The End of Day' and 'Man on the Moon II: The Legend of Mr. Rager'. We have also increased our exposure to arguably the most popular American band of the last 35 years with our Journey Catalogue acquisition, which includes the Songs 'Don't Stop Believin'', the best-selling digital track from the 20th century with over seven million copies sold in the US alone, as well as 'Anyways You Want It', 'Faithfully', 'Wheels In The Sky', 'Open Arms', and 'Who's Crying Now'.

Following these acquisitions we are very proud that Hipgnosis co-own five of the Billboard Magazine's "Top 10 Songs of the Decade" which was announced in November. The Songs were:

- Number 1 – 'Uptown Funk' by Mark Ronson featuring Bruno Mars which was Number 1 in 19 countries and topped the Billboard Hot 100 for 14 weeks, is certified 11x platinum in the US and has been streamed over 1.1 billion times on Spotify alone.

- Number 3 – ‘Shape of You’ by Ed Sheeran which was the best performing song of 2017 and was announced as the most streamed song of the decade after becoming the first song to reach 2 billion streams. ‘Shape of You’ topped the singles charts in 34 countries including the US where it remained Number 1 for a record equalling 16 consecutive weeks and is certified diamond in 5 countries including in the US.
- Number 4 – ‘Closer’ by The Chainsmokers featuring Halsey which reached Number 1 in over 10 countries and topped the Billboard Hot 100 for 12 consecutive weeks. It also became only the second song in the history of the Billboard Hot 100 to spend 32 weeks in the Top 10.
- Number 5 – ‘Girls Like You’ by Maroon 5 featuring Cardi B which topped the charts in 17 countries including spending 7 consecutive weeks at the top of the Billboard Hot 100.
- Number 9 – ‘Despacito’ by Luis Fonsi and Daddy Yankee featuring Justin Bieber which topped the Billboard Hot 100 for a record equalling 16 consecutive weeks and became the first Latin song to be certified diamond in the US.

Throughout our portfolio our Songs continue to experience commercial success and receive critical acclaim:

- ‘These Days’ co-written by Jamie Scott received the Ivor Novello award for ‘Most Performed Work’.
- At the 2019 Billboard Awards:
 - The Chainsmokers took home the “Top Dance/Electronic Album” for their album 'Sick Boy' and “Top Dance/Electronic Artist”.
 - Panic! At the Disco were awarded “Top Rock Song” for ‘High Hopes’ and “Top Rock Album” for their album 'Pray for the Wicked', which Sam Hollander wrote nine songs on.
 - 'Girls Like You' by Maroon 5 featuring Cardi B, which was co-written by Starrah, won “Top Hot 100 Song”, “Top Selling Song”, “Top Radio Song” and “Top Collaboration”.
- At time of writing, 'High Hopes', co-written by Sam Hollander, has spent 75 weeks in the Billboard Hot Rock Songs Chart, with 41 of those being at Number 1. It is also arguably the most synced song of 2019.
- Nile Rodgers curated ‘Meltdown 2019’ where he performed songs co-written with Bernard Edwards as Chic. David A. Stewart also launched his live show “The Eurythmics Songbook” at Meltdown 2019 to a sold out audience.
- Jason Aldean earned his 23rd career and fourth consecutive radio chart topper with ‘Rearview Town’ off his Number 1 album ‘Rearview Town’ which was produced by Michael Knox. His new album ‘9’ which was included in the Michael Knox deal is currently the Number 1 album on the Billboard sales chart and Number 2 on the Billboard 200 which combines sales and streaming. In addition to the producer royalties it includes four songs we co-own written by Jaron Boyer.
- In November, Journey and David A. Stewart were announced as nominees for the 2020 Songwriters Hall of Fame.
- Nile Rodgers & Chic had an incredibly successful summer tour of the UK and Europe and now continue to tour the US with Cher performing numerous hits from our Bernard Edwards Catalogue.

- Celine Dion's new album 'Courage' - including our single 'Lying Down' by Giorgio Tuinfort - is currently Top 5 all over the world and has just been Number 1 in the US.
- Beyoncé's 'Homecoming' movie (and album) includes more than 14 of our songs and in addition to being a massive success has just been nominated for a 2020 Grammy Award.
- Shawn Mendes continues his world tour - one of the most successful of 2019 globally - performing all of the songs we co-own via several of his co-writers.
- Adele's album '21', which includes 'Set Fire To The Rain' co-written and produced by Fraser T. Smith, has reached 2.5 billion streams on Spotify alone.
- Eurythmics - David A. Stewart and Annie Lennox reunited for the first time in 14 years for Sting's Rainforest Fund benefit playing 3 Songs from our Portfolio.

Financial Review

Net income for the portfolio increased to £22.6 million (Financial period from incorporation to 31 March 2019: £7.2 million).

The portfolio net income include some non-recurring revenues on Catalogues acquired during the period, most notably due to:

- The right-to-income received as part of the Catalogue acquisition, which is typically dependent on the timing of the negotiations;
- On acquisition, the Company is required to accrue for all revenues due to the Company for which PRO revenue statements have not yet been received, but where the Company is already entitled to the share. Due to the significant timing differences inherent with PRO revenues, this one off accrual can be material.

Due to these non-recurring revenue items, the most meaningful way of monitoring performance of our Catalogues is by comparing revenue statements received with our internal forecasts and prior period actuals. We are pleased that the revenue statements received during the period have been ahead of our forecasts with Benny Blanco's and The Chainsmokers' Catalogues performing particularly well as well as our Ari Levine, Neal Schon, Bernard Edwards and Itaal Shur Catalogues all growing strongly on the comparative period in the prior year. In addition, streaming revenues have performed well, and ahead of our forecasts, with 15% growth in the first half of 2019 compared to the second half of 2018.

Administration expenses (which include the fees payable to the Investment Adviser, acquisition costs and administration costs) increased to £3.4 million reflecting the increased size of the Company. These do not include £1.5 million of exceptional expenses relating to the Working Capital Facility and Migration to the Premium Segment of the London Stock Exchange. Our ongoing charges figure increased to 1.76% (Financial period from incorporation to 31 March 2019: 1.70%) as a result of increased due diligence and other acquisition costs as we made a greater number of acquisitions compared to the prior period and commenced work on a significant pipeline of Catalogues for acquisition in the second half of the year.

After administration expenses the adjusted operating profit for the period before tax ⁽¹⁾ was £14.1m leading to an adjusted EPS⁽¹⁾ of 3.55p per Ordinary Share. Our basic EPS grew to 3.19p, fully covering our dividends totalling 2.5p per Ordinary Share relating to the period.

The Company's NAV is calculated both under IFRS (which principally requires the cost of purchased Catalogues to be amortised downwards to reflect the reducing copyright life of each Catalogue) and on an Operative NAV basis (which reflects the fair value of the Company's Catalogues as valued by an Independent Valuer). The Operative NAV as at 30 September 2019 was £422.3 million or 108.46p per Ordinary Share, reflecting an increase per Ordinary Share of 5.03% compared to the end of the prior financial year. The fair value of the Portfolio, as determined by an Independent Valuer, increased to £344.8 million.

Including the dividends of 2.5p per Ordinary Shares paid during the period the total NAV return was 7.45% for the interim period and 11.96% since IPO (these figures do not include the dividend of 1.25p per Ordinary Share paid after the period end on 29 November 2019).

Subsequent Events and Outlook

Our excellent first half is a testament to the quality of the Songs that we have acquired to date and are proud to see so many of our Catalogues performing so well. The latest results from Spotify and Apple continue to show unbelievable growth in premium streaming as the world changes the way it consumes music. Streaming growth, both in the Western world and emerging markets, is driving proven hit Songs revenues and therefore drives values up. Most excitingly with forecasts of 2 billion paid subscribers by 2030, we are only at the start.

One step at a time, we are amassing the leverage and the support necessary to bring positive change to where the songwriter sits in the economic equation. The songwriter is more responsible than anyone for the success of an artist and the music industry in 2019 and they and their songs must be properly recognized. Important steps have been taken by the Copyright Board and with the Music Modernisation Act to acknowledge this but this is just the tip of the iceberg. We will use our leverage and support to positively impact where the songwriter sits which is not only important for the creative community but is in total alignment with the best interest of our investors.

With investors needing uncorrelated assets more than ever, and proven Songs producing reliable and predictable income, the new asset class of proven Songs is, in our view, now more investible than gold and oil.

With over £1 billion in our investment pipeline, the Songs and Catalogues we are acquiring over the next days, weeks and months are just as impressive as what we have put together in our first 16 months and will also skew the vintage of the overall portfolio older.

We would like to thank all our Shareholders for supporting our thesis that songs are a new highly investible asset class and we look forward to updating them as we acquire some of the greatest songs of our time in the coming months. Equally well we would like to thank all of the incredible songwriters for entrusting us as custodians of these great songs which are not only the currency of the music industry but such a special and important part of everyone's life.

Merck Mercuriadis

Founder of Hipgnosis Songs Fund Limited and CEO of The Family (Music) Limited (Investment Adviser to Hipgnosis Songs Fund Limited)

10 December 2019

⁽¹⁾ Excludes £1.5 million of exceptional expenses relating to the Working Capital Facility and Migration to the Premium Segment of the London Stock Exchange.

Investment Objective and Policy

Investment Objective

The Company's investment objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in a portfolio of Songs and their associated musical intellectual property rights. The Portfolio has been created by investing in Catalogues of proven established Songs from well-known songwriters and recording artists. However, each Song will be considered to be a separate asset.

Investment Policy

The Company's investment policy is to diversify risk through investment in a Catalogue of Songs and associated musical intellectual property rights. The Company will seek, but is not required, to acquire 100 percent of a songwriter's copyright interest in each song, which would comprise their songwriter's share, their publisher's share and their performance rights. In appropriate cases, however, the Company may not acquire all three elements of the songwriter's interest and may also acquire peripheral interests such as producer royalties on a songwriter's copyright interest. The Company will acquire interests in Songs which are sole authored or co-authored. The Company may also acquire interests in Songs jointly with another purchaser.

The Company will, directly or indirectly via collection agents, enter into licensing agreements, under which the Company will receive payments attributable to the copyright interests in the Songs which it owns. Such payments may take the form of royalties and/or licence fees, including:

- mechanical royalties – when a copy of a song is made, whether physical (e.g. CDs, DVDs) or digital (e.g. permanent downloads, streaming, webcast);
- performance royalties – when a song is performed live or broadcast on TV or Radio, or when a song is streamed online; and
- synchronisation fees – when a song is used in another form of media (e.g. movie, TV show, video game, advertisement).

The Company will focus on delivering income growth and capital growth by pursuing efficiencies in the collection of payments and active management of the Songs it owns.

The Company may acquire Songs for consideration consisting of cash, Shares or a combination of cash and Shares, and payment of part of the consideration may be on deferred terms.

Whilst the Company does not intend to sell the Songs it owns, it may make disposals of Songs where it considers such a disposal to be in the best interests of Shareholders.

Investment restrictions

The Company will at all times invest and manage its assets, mindful of spreading risk and in accordance with its published investment policy.

The Company will invest its assets and manage the Songs it acquires with the objective of constructing a high quality and diversified Portfolio of Songs. The Company will acquire Catalogues from a number of different songwriters, which will include Songs diversified across music genres and sung by numerous recording artists. The Company will be subject to the following investment restrictions:

- a) the Company will hold interests in a minimum of 300 Songs once fully invested;
- b) the value of any single Song will not represent more than 10 percent of the Company's Gross Assets, calculated at the date of the acquisition of such Song (and re-calculated in the aggregate upon the acquisition of any additional interest in a Song). In the event this limit is breached at any point after the relevant investment has been made or added to (for example due to a change in valuation of any Song), there will be no requirement to sell any Song, in whole or in part; and
- c) the Company will not invest in closed-ended investment companies or other investment funds.

The Company is fully compliant with these investment restrictions.

Cash management

The Company's uninvested capital may be invested in cash, cash equivalents, near cash instruments and money market instruments.

Hedging and derivatives

The Company may utilise derivatives for efficient portfolio management. In particular, the Directors may engage in full or partial foreign currency hedging and interest rate hedging. The Company will not enter into such arrangements for investment purposes.

Leverage

The Company may incur indebtedness of up to a maximum of 20 percent of its Net Asset Value, calculated at the time of drawdown.

Amendments to and compliance with the Investment Objective and Policy

Any material change to the Company's Investment Objective and Policy will be made only with the prior approval of the Shareholders by ordinary resolution.

In the event of a material breach of any of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company through an announcement issued via London Stock Exchange's Regulatory News Service.

Directors' Responsibility Statement

The Directors are responsible for preparing this Interim Report in accordance with applicable laws and regulations. The Directors confirm that to the best of their knowledge:

- The Condensed Consolidated Financial Statements have been prepared in accordance with IAS 34 Interim Financial Reporting; and
- The Chairman's Statement and Investment Adviser's Report include a fair review of the information required by:
 - (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first period of the financial year; their impact on the condensed set of consolidated financial statements; and a description of the principal risks and uncertainties of the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first period of the current financial year and that have materially affected the financial position or performance of the Company during that period.

On behalf of the Board

Andrew Sutch
Chairman
10 December 2019

Consolidated Statement of Comprehensive Income
For the six months ended 30 September 2019 (unaudited)

		1 April 2019 to 30 September 2019	8 June 2018 to 31 March 2019
		£	£
	Notes		(Audited)
Income			
Total revenue	8	22,641,230	7,218,852
Interest income		584,507	682,491
Foreign exchange gains on non-investments		281,461	104,773
Total income		23,507,198	8,006,116
Expenses			
Advisory fees	12	(1,781,447)	(1,579,190)
Amortisation of Catalogues of Songs	5	(5,995,918)	(1,491,922)
Performance fee		-	(429,054)
Administration fees		(344,918)	(155,954)
Directors' remuneration		(94,375)	(121,936)
Broker fees		(31,289)	(44,550)
Audit fees		(55,000)	(110,000)
Legal & professional fees		(726,631)	(813,714)
Exceptional Costs	9	(1,460,337)	-
Loan interest		(52,109)	-
Other operating expenses		(333,258)	(267,821)
Total expenses		(10,875,282)	(5,014,141)
Operating profit for the period before tax		12,631,916	2,991,975
Taxation	4	(1,909,309)	(632,521)
Profit for the period after tax		10,722,607	2,359,454
Total comprehensive income for the period		10,722,607	2,359,454
Basic Earnings per Share (pence)	13	3.19	1.17
Diluted Earnings per Share (pence)	13	3.19	1.17

All activities derive from continuing operations.

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Consolidated Statement of Financial Position
As at 30 September 2019

		30 September 2019	31 March 2019
		£	£
	Notes		(Audited)
Assets			

Catalogues of Songs	5	311,944,580	118,458,818
Cash and cash equivalents		66,235,378	108,483,752
Trade and other receivables		32,298,738	10,808,398
Total assets		410,478,696	237,750,968
Liabilities			
Bank loan	6	13,750,000	-
Other payables and accrued expenses		7,280,344	39,192,142
Total liabilities		21,030,344	39,192,142
Net assets		389,448,352	198,558,826
Equity			
Share capital	7	386,911,229	198,221,140
Retained earnings		2,537,123	337,686
Total equity attributable to the owners of the Company		389,448,352	198,558,826
Number of ordinary shares in issue at period end	7	389,356,341	202,176,800
Bridge to Operative NAV			
IFRS Net Asset Value per ordinary share (pence)		100.02	98.21
Adjustments for revaluation of Catalogues of Songs to fair value (pence)		6.51	4.32
Reversal of amortisation (pence)		1.93	0.74
Operative Net Asset Value per ordinary share (pence)		108.46	103.27

Approved and authorised for issue by the Board of Directors on 10 December 2019 and signed on their behalf by:

Andrew Sutch	Andrew Wilkinson
Chairman	Director

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Consolidated Statement of Changes in Equity

For the six months ended 30 September 2019 (unaudited)

Notes	Number of shares	Share capital £	Retained earnings £	Total equity £
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As at 1 April 2019		202,176,800	198,221,140	337,686	198,558,826
Shares issued	7	187,179,541	192,618,166	-	192,618,166
Share issue costs	7	-	(3,928,077)	-	(3,928,077)
Dividends paid	10	-	-	(8,523,170)	(8,523,170)
Profit for the period		-	-	10,722,607	10,722,607
As at 30 September 2019		389,356,341	386,911,229	2,537,123	389,448,352
		Number of shares	Share capital	Retained earnings	Total equity
			£	£	£
	Notes	(Audited)	(Audited)	(Audited)	(Audited)
As at 8 June 2018		-	-	-	-
Shares issued	7	202,176,800	202,176,800	-	202,176,800
Share issue costs	7	-	(3,955,660)	-	(3,955,660)
Dividends paid	10	-	-	(2,021,768)	(2,021,768)
Profit for the period		-	-	2,359,454	2,359,454
As at 31 March 2019		202,176,800	198,221,140	337,686	198,558,826

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Consolidated Statement of Cash Flows

For the six months ended 30 September 2019 (unaudited)

	Notes	1 April 2019 to 30 September 2019	8 June 2018 to 30 September 2018
		£	£
Net cash used in operating activities			
Operating profit/(loss) for the period before taxation		12,631,916	(534,274)
Adjustments for non-cash items:			
Movement in other receivables		(21,490,340)	(664,436)
Movement in other payables and accrued expenses		(33,768,998)	156,828
Amortisation of Catalogues of Songs	5	5,995,918	-
Foreign exchange losses on non-investments		(281,461)	-
		(36,912,965)	(1,041,882)
Purchase of Catalogues of Songs	5	(199,481,680)	(18,016,923)
Net cash used in operating activities		(236,394,645)	(19,058,805)

Net cash generated from financing activities			
Proceeds from issue of shares	7	192,618,166	202,176,800
Issue costs paid	7	(3,928,077)	(3,955,660)
Dividends paid	10	(8,523,170)	-
Bank loan	6	13,697,891	-
Net cash generated from financing activities		193,864,810	198,221,140
Net movement in cash and cash equivalents			
		(42,529,835)	179,162,335
Cash and cash equivalents at the start of the period			
		108,483,752	-
Effect of foreign exchange rate changes			
		281,461	195
Cash and cash equivalents at the end of the period		66,235,378	179,162,530

The accompanying notes form an integral part of these Condensed Consolidated Financial Statements.

Notes to the Condensed Consolidated Financial Statements

For the six months ended 30 September 2019

1. General information

Hipgnosis Songs Fund Limited was incorporated and registered in Guernsey on 8 June 2018 with registered number 65158 and is governed in accordance with the provisions of the Companies Law. With effect from 29 April 2019, the registered office address is Floor 2, PO Box 286, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

The Company's shares were admitted to the SFS of the Main Market of the London Stock Exchange on 11 July 2018. Subsequently, the Company's shares were admitted to the Premium Listing Segment of the Official List of the FCA from 19 September 2019

The Company makes its investments through its subsidiaries, which are registered in the UK as limited companies, in which the Company is the sole shareholder. The principal place of business of the subsidiaries is the UK.

The Condensed Consolidated Financial Statements present the results of the Group for the six months ended 30 September 2019. The Group is principally engaged in investing in and managing music copyrights and associated musical intellectual property.

2. Accounting policies

a) Basis of preparation

The Condensed Consolidated Financial Statements included in this Interim Report have been prepared in accordance with IAS 34 'Interim Financial Reporting' and the Disclosure and Transparency Rules of the FCA.

The Condensed Consolidated Financial Statements do not include all the information and disclosures required in the Annual Report and should be read in conjunction with the Company's Annual Report for the year ended 31 March 2019, which are available on the Company's website (www.hipgnosissongs.com). The Annual Report has been prepared in accordance with IFRS.

The same accounting policies and methods of computation have been followed in the preparation of these Condensed Consolidated Financial Statements as in the Annual Report for the year ended 31 March 2019.

The Company applied, for the first time, certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2019. The new standards or amendments to existing standards and interpretations, effective from 1 January 2019, did not have a material impact on the Company's Condensed Consolidated Financial Statements. It is not anticipated that any standard which is not yet effective, will have a material impact on the Company's financial position or on the performance of the Company's statements.

b) Group information

As at 30 September 2019, the details of the Company's subsidiaries are as follows:

Name of the subsidiary	Place of incorporation and operation	% of voting rights	% Interest	Consolidation method
Hipgnosis Holdings UK	UK	100	100	Full
Hipgnosis SFH I Limited	UK	100	100	Full
Hipgnosis SFH II Limited	UK	100	100	Full
Hipgnosis SFH III Limited	UK	100	100	Full
Hipgnosis SFH IV Limited	UK	100	100	Full
Hipgnosis SFH V Limited	UK	100	100	Full
Hipgnosis SFH VI Limited	UK	100	100	Full
Hipgnosis SFH VII Limited	UK	100	100	Full
Hipgnosis SFH VIII Limited	UK	100	100	Full
Hipgnosis SFH IX Limited	UK	100	100	Full
Hipgnosis SFH X Limited	UK	100	100	Full
Hipgnosis SFH XI Limited	UK	100	100	Full
Hipgnosis SFH XII Limited	UK	100	100	Full
Hipgnosis SFH XIII Limited	UK	100	100	Full
Hipgnosis SFH XIV Limited	UK	100	100	Full
Hipgnosis SFH XV Limited	UK	100	100	Full
Hipgnosis SFH XVI Limited	UK	100	100	Full
Hipgnosis SFH XVII Limited	UK	100	100	Full
Hipgnosis SFH XVIII Limited	UK	100	100	Full
Hipgnosis SFH XIX Limited*	UK	100	100	Full
Hipgnosis SFH XX Limited	UK	100	100	Full

*This subsidiary was dormant as at 30 September 2019 in anticipation of new Catalogues being acquired.

The subsidiaries of the Company are considered tax resident in the UK and are subject to UK corporation tax.

c) Going concern

The Directors monitor the capital and liquidity requirements of the Company and its subsidiaries on a regular basis. They have also reviewed cash flow forecasts prepared by the Investment Adviser which are based in part on assumptions about the future purchase and returns from existing Catalogues of Songs and the annual operating cost.

Based on these sources of information and their own judgement, the Directors believe it is appropriate to prepare the Condensed Consolidated Financial Statements of the Group on a going concern basis.

d) Segmental reporting

The chief operating decision maker is the Board of Directors. While the Company's income is derived internationally, the Directors are of the opinion that the Group is engaged in a single segment of business, being the investment of the Group's capital in the Portfolio, with an attractive and growing level of income, together with the potential for capital growth.

3. Significant accounting judgements, estimates and assumptions

The preparation of the Group's Condensed Consolidated Financial Statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and made estimates based on the information available when the Condensed Consolidated Financial Statements were prepared. However these assumptions and estimates may change based on market changes or circumstances beyond the control of the Group.

Critical estimates in applying the Group's accounting policies – revenue recognition:

Estimated royalty revenue receivable is accrued for on the basis of historical earnings for each catalogue, which incorporates an element of uncertainty. The estimated revenue accrual may not therefore directly equal the actual cash received in respect of each accounting period and adjustments may therefore be required throughout the financial period when the actual revenue received is known, and these adjustments may be material.

Net revenues also include an accrual for performance income, to account for the Writer's Share of performance royalties which are subject to a significant time lag in reporting in the industry, but which the Company is entitled to receive in due course. In recommending the estimate of this accrual to the Board of Directors and the auditors, the Investment Adviser used its analysis of each Catalogue's revenue history as well its knowledge of the respective Catalogue performance trends to recommend the estimated accruals. The PRO income accrual is based on analysis of each Catalogue's revenue history as well as knowledge of the respective Catalogue's performance trends.

Assessment of useful life of intangible assets

In order to calculate the amortised cost of the intangible assets it is necessary to assess the useful economic life of the copyright interests in Songs. This requires forecasts of the expected future revenue from the copyright interests, which contains significant uncertainties as the ongoing popularity of a Song can fluctuate unexpectedly.

The actual useful life of a Catalogue depends on the Catalogue's genre and listener demographic. Analysis of earnings shows that payback periods of purchase prices at industry standard multiples generally range from 10-15 years. Additionally, the term of administration deals in the market between songwriters and publishers are no longer than 25 years, and generally range from 15-20 years. This reflects the general consensus that the benefits from exploiting revenues from the work of Anglo-American music songwriters can be reliably estimated over a period of 10-20 years and no longer, due to uncertainty in forecasting over a longer period of time and the level of technological disruption that the industry is subject to.

Calculation of Operative NAV

In order to calculate the Operative NAV and Operative NAV per Share, the intangible assets are revalued to an estimate of fair value. The fair value estimates are also used to assess whether there is evidence that the intangible assets may be impaired.

Valuations of music publishing rights typically adopt the DCF valuation approach which measures the present value of anticipated future revenues from acquiring the Catalogues, which are discounted at a 'market cost of capital' and a terminal value in 10 years. This method is accepted as an objective way of measuring future benefits; taking into account income projections from various music industry sources across various revenue flows whilst also factoring in the associated cost of capital.

Catalogues of Songs are valued on an ongoing basis using a DCF valuation methodology which is consistent with the Independent Valuers.

Assessment of impairment

Intangible assets with an indefinite useful life are subject to annual impairment review which relies on assumptions made by the Board. Assumptions are updated annually, specifically those relating to future cash flows and discount rates.

4. Taxes

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual fee of £1,200.

The Directors have been advised that following certain changes to the United Kingdom tax rules regarding "alternative investment funds" implemented by the Finance Act 2014 and contained in section 363A of the Taxation (International and other Provisions) Act 2010 the Company should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated therein), the Company will not be subject to UK income tax or corporation tax other than on any UK source income.

The UK subsidiaries of the Company are tax resident in the UK and are subject to UK corporation tax.

5. Catalogues of Songs

	£
Cost	
At 1 April 2019	119,950,740
Additions	199,481,680
At 30 September 2019	319,432,420
Amortisation and impairment	
At 1 April 2019	1,491,922
Amortisation	5,995,918
Impairment	-
At 30 September 2019	7,487,840
Net book value	
At 1 April 2019	118,458,818
At 30 September 2019	311,944,580
Fair value as at 30 September 2019	344,786,060

	£ (Audited)
Cost	
At 8 June 2018	-
Additions	119,950,740
At 31 March 2019	119,950,740
Amortisation and impairment	
At 8 June 2018	-

Amortisation	1,491,922
Impairment	-
At 31 March 2019	1,491,922
Net book value	
At 8 June 2018	-
At 31 March 2019	118,458,818
Fair value as at 31 March 2019	128,694,535

The Group amortises Catalogues of Songs with a limited useful life using the straight-line method of 20 years (other than in exceptional circumstances for specific Catalogues of Songs). Useful life is separately considered for each Catalogue of Songs and is reviewed at the end of each reporting period.

The Board engaged an Independent Valuer, Massarsky Consulting, Inc., to value the Catalogues as at 30 September 2019. Each income type from each Catalogue was analysed and forecasted to derive the fair value of the Catalogues by adopting a DCF valuation methodology. Income was analysed and forecast at the level of each individual Catalogue and by income type. Future revenues were also estimated, often at the level of individual Songs, and incorporated into their valuation. Massarsky Consulting has also taken into consideration macro factors including the growth of streaming revenue and the global growth of the recorded music industry in their analysis. The Board has approved and adopted the valuations prepared by the Independent Valuer.

6. Bank loan

On 29 August 2019, the Company signed a Revolving Credit Facility of £65 million with JPMorgan Chase Bank. The facility is available for three years and the Company may request to increase the commitment by a further £35 million, subject to certain conditions. On 30 September 2019, principal of £13,750,000 remained outstanding, which was initially drawn down on 30 August 2019. This was subsequently repaid on 31 October 2019. Interest in the amount of £52,109 was paid on 30 September 2019.

7. Share capital and capital management

The share capital of the Company may consist of an unlimited number of: (i) ordinary shares of no par value which upon issue the Directors may classify as Ordinary Shares; and (ii) C Shares denominated in such currencies as the Directors may determine.

Ordinary Shares of no par value

	No.
Issued and fully paid	
Shares issued on 11 July 2018	202,176,800
Shares issued on 17 April 2019	138,750,000
Shares issued on 29 August 2019	48,429,541
Shares as at 30 September 2019	389,356,341

£

Issued and fully paid

Proceeds from shares issued on 11 July 2018	202,176,800
Proceeds from shares issued on 17 April 2019	141,525,000
Proceeds from shares issued on 29 August 2019	51,093,166
Share issue costs	(7,883,737)

Shares as at 30 September 2019 **386,911,229**

No.**Issued and fully paid**

Shares issued on 11 July 2018	202,176,800
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Shares as at 31 March 2019 **202,176,800**

**£
(Audited)****Issued and fully paid**

Proceeds from shares issued on 11 July 2018	202,176,800
Share issue costs	(3,955,660)

Shares as at 31 March 2019 **198,221,140**

Under the Company's Articles of Incorporation, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every Ordinary Share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the residual assets of the Company.

8. Revenue

	1 April 2019 to 30 September 2019	8 June 2018 to 30 September 2018
	£	£
Mechanical income	1,391,295	21,249
Performance income	4,201,061	33,925
Digital downloads income	1,028,665	27,674
Streaming income	4,653,236	74,614
Synchronization income	2,030,838	41,795
Writer's Share income	8,189,913	119,591
Producer royalties	577,165	-
Masters income	32,336	-
Other income	536,721	66,166
Total revenue	22,641,230	385,014

9. Exceptional Costs

Included within exceptional costs of £1.5 million are non-recurring amounts relating to the arrangement of the Company's Revolving Credit Facility with JP Morgan Chase Bank.

10. Dividends

A summary of the dividends is set out below:

1 April 2019 to 30 September 2019	Dividend per share Pence	Total dividend £
Interim dividend in respect of period ended 31 March 2019	1.25	4,261,585
Interim dividend in respect of period ended 30 June 2019	1.25	4,261,585
	2.50	8,523,170

8 June 2018 to 31 March 2019	Dividend per share Pence	Total dividend £
Interim dividend in respect of period ended 30 September 2018	0.50	1,010,884
Interim dividend in respect of period ended 31 December 2018	0.50	1,010,884
	1.00	2,021,768

The Company announced its third interim dividend for the previous financial year, for the period from 1 January to 31 March 2019 of 1.25 pence per Ordinary Share. The interim dividend was paid to Shareholders on the register at the close of business on 3 May 2019 on 31 May 2019.

The Company announced its first interim dividend for the current financial year, for the period from 1 April to 30 June 2019, of 1.25 pence per Ordinary Share. The interim dividend was paid to Shareholders, on the register at the close of business on 2 August 2019, on 30 August 2019.

Subsequent to the period end, the Company announced its second interim dividend for the period from 1 July 2019 to 30 September 2019 of 1.25 pence per Ordinary Share. The dividend was paid to Shareholders, on the register at the close of business on 1 November 2019, on 29 November 2019.

11. Financial Risk Management

Financial Risk Management Objectives

The Company's activities expose it to various types of financial risk, principally market risk, credit risk, and liquidity risk. The Board has overall responsibility for the Company's risk management and sets policies to manage those risks at an acceptable level.

The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website (www.hipgnosisongs.com) and should be reviewed by Shareholders.

12. Related Party Transactions and Directors' Remuneration

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Directors

As at 30 September 2019 the Company has four Directors (31 March 2019: four).

Directors' fees for the period to 30 September 2019 amounted to £94,375 (30 September 2018: £43,603), of which £nil (31 March 2019: £nil) was outstanding at the period end.

Investment Adviser

The Company has entered into an Investment Advisory Agreement with the Investment Adviser pursuant to which the Investment Adviser will source Songs and provide recommendations to the Board on acquisition and disposal strategies, manage and monitor royalty and/or fee income due to the Company from its copyrights and collection agents, and develop strategies to maximise the earning potential of the Songs in the portfolio through improved placement and coverage of Songs.

Investment Adviser fees for the period were £1,781,447 (30 September 2018: £500,500) with £305,897 (31 March 2019: £nil) outstanding at the reporting date.

13. Earnings per share

	30 September 2019		30 September 2018	
	Basic	Diluted	Basic	Diluted
Profit/(Loss) for the period (£)	10,722,607	10,722,607	(736,322)	(736,322)
Weighted average number of Ordinary Shares in issue	336,506,009	336,506,009	202,176,800	202,176,800
Earnings/(Loss) per Share (pence)	3.19	3.19	(0.36)	(0.36)

The earnings per share is based on the profit or loss of the Group for the period and on the weighted average number of Ordinary Shares for the period.

14. Subsequent events

On 22 October 2019 the Company issued 231 million new C Shares. These shares were issued at a price of 100 pence per C Share, raising gross proceeds of £231 million. Following the issue, there are 389,356,341 Ordinary Shares and 231,000,000 C Shares in issue. The C Shares carry the right to receive notice of, attend and vote at general meetings of the Company. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights of the Company will be 620,356,341 and this figure may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Following the issue of C Shares on 22 October 2019, Andrew Sutch purchased 20,000 C Shares. Paul Burger, Andrew Wilkinson and Simon Holden each purchased 10,000 C Shares on the same day.

On 24 October 2019 the Company announced its second interim dividend for the period from 1 July 2019 to 30 September 2019 of 1.25 pence per Ordinary Share. The dividend was paid to Shareholders, on the register at the close of business on 1 November 2019, on 29 November 2019.

Further catalogues were acquired after the period ended 30 September 2019, as set out in Financial and Operational Highlights.

There were no other material events after the period end to the date on which these Condensed Consolidated Financial Statements were approved.

Hipgnosis Songs Fund Limited Glossary of Capitalised Defined Terms

“Administrator” means Eterra International Fund Managers (Guernsey) Limited;

“Admission” means admission, on 11 July 2018, to trading on the SFS of the London Stock Exchange, of the Ordinary Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards;

“AIC” means the Association of Investment Companies;

“AIC Code” means the AIC Code of Corporate Governance;

“AIC Guide” means the AIC Corporate Governance Guide for Investment Companies;

“Annual General Meeting” or **“AGM”** means the annual general meeting of the Company;

“Annual Report” means the annual publication of the Company provided to the Shareholders to describe their operations and financial conditions, together with their Consolidated Financial Statements;

“Apple Music” means the music and video streaming service developed by Apple Inc.;

“Articles of Incorporation” or **“Articles”** means the articles of incorporation of the Company;

“Asset Management Committee” means a committee which considers the ongoing management and revenue maximisation of the Catalogues of Songs;

“Audit and Risk Management Committee” means a formal committee of the Board with defined terms of reference;

“Board” or **“Directors”** means the Directors of the Company;

“BMI” means Broadcast Music, Inc.;

“C Shares” means a temporary and separate class of shares which are issued at a fixed price determined by the Company;

“Catalogue” means one or more Songs acquired from a single songwriter or artist;

“CD” means compact disc;

“CEO” means Chief Executive Officer;

“Companies Law” means the Companies (Guernsey) Law, 2008, (as amended);

“Company” means Hipgnosis Songs Fund Limited. References to the Company are also considered to be references to the Group, where applicable;

“Company Secretary” means Esera International Fund Managers (Guernsey) Limited;

“Condensed Consolidated Financial Statements” means the unaudited financial statements of the Company, including the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and associated notes;

“Corporate Broker” means Nplus1 Singer Advisory LLP (N+1 Singer) and J.P. Morgan Securities plc (JPM);

“DCF” means discounted cash flow;

“Disclosure Guidance and Transparency Rules” or **“DTRs”** mean the disclosure guidance published by the FCA and the transparency rules made by the FCA under section 73A of FSMA;

“Discount to Operative NAV” means the situation where the Ordinary Shares of the Company are trading at a price lower than the Company’s Operative NAV;

“Downloads” means royalties for the permanent digital mechanical transfer of music;

“DSP” means Digital Service Providers;

“Earnings per Share” or **“EPS”** means the Earnings per Ordinary Share and is expressed in pounds Sterling;

“EU” means European Union;

“FCA” means the UK Financial Conduct Authority (or its successor bodies);

“FRC” means Financial Reporting Council;

“FSMA” means the UK Financial Services and Markets Act 2000;

“GFSC” or **“Commission”** means the Guernsey Financial Services Commission;

“GFSC Code” means the GFSC Finance Sector Code of Corporate Governance;

“Grammy” means an award presented by the Recording Academy to recognise achievements in the music industry;

“Group” means Hipgnosis Songs Fund Limited and its subsidiaries;

“IAS” means international accounting standards as issued by the Board of the International Accounting Standards Committee;

“IFPI” means International Federation of the Phonographic Industry;

“IFRS” means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board;

“IFRS NAV” means the value of the Gross Assets of the Company less its liabilities (including accrued but unpaid fees) in accordance with the accounting policies adopted by the Directors;

“Independent Valuer” means Massarsky Consulting, Inc., appointed by the Board to independently value the Company’s Catalogues within the Portfolio;

“Interim Report” means the Company’s half yearly report and unaudited condensed consolidated financial statements for the period ended 30 September;

“Investment Adviser” means The Family (Music) Limited;

“Investment Advisory Agreement” means the investment advisory agreement dated 27 June 2018 between The Family (Music) Limited, the Company and Hipgnosis SFH I Limited;

“IPO” means the initial public offering of shares by a private company to the public;

“ISIN” means an International Securities Identification Number;

“Listing Rules” means the listing rules made by the UK Listing Authority under section 73A FSMA;

“London Stock Exchange” or **“LSE”** means London Stock Exchange Plc;

“Main Market” means London’s flagship market for larger, more established companies, and is home to some of the world’s largest and most well-known companies;

“MAR” means EU regulation 596/2014 on market abuse;

“MAU” means Monthly Active Users;

“Mechanical” means royalties for reproducing music, for example CD, vinyl, etc. (excluding mechanical downloads and mechanical streaming);

“NAV per Share” means the Net Asset Value attributable to the Ordinary Shares in issue divided by the number of Ordinary Shares in issue (excluding any Shares held in treasury) at the relevant time and expressed in Sterling;

“Net Asset Value” or **“NAV”** means the value of the assets of the Company less its liabilities as calculated in accordance with the Company’s valuation policy and expressed in pounds Sterling;

“Nomination Committee” means a formal committee of the Board with defined terms of reference;

“Official list” means the list maintained by the Financial Conduct Authority (acting in its capacity as the UK Listing Authority) in accordance with Section 74(1) of the Financial Services and Markets Act 2000 (the Act) for the purposes of Part VI of the Act;

“Operative NAV” means NAV as adjusted for the fair value of Catalogues of Songs;

“Ordinary Shares” means redeemable ordinary shares of no par value in the capital of the Company issued and designated as “Ordinary Shares” and having the rights, restrictions and entitlements set out in the Articles;

“Other income” means any income not covered by the other income types, for example sheet income and lyric exploitation;

“Performance” means royalties for playing music in public, for example TV/radio broadcasts, live performance, etc. and paid through to the publisher;

“Performance Right Organisations” or **“PROs”** means a performing rights organisation, such as PRS or BMI, which represents and collects performance royalties for and on behalf of each of its members;

“Portfolio” means the portfolio of Songs (whether organised into Catalogues or otherwise) held by the Company directly or indirectly from time to time;

“Portfolio Committee” means a committee which approves all purchases of Catalogues of Songs;

“Preferred Portfolio Administrator” means the portfolio administrators appointed by the Company in order to assist with the administration of the Portfolio including Kobalt Music Services Limited, the Company’s preferred portfolio administrator;

“Premium Listing” means the Premium Listing Segment of the London Stock Exchange;

“Premium to Operative NAV” means the situation where the Ordinary Shares of the Company are trading at a price higher than the Company’s Operative NAV;

“Prospectus” means the prospectus issued by the Company on 27 June 2018, and as amended and restated on 27 September 2019;

“PRS” means Performing Rights Society;

“RCIS Rules” means the Registered Collective Investment Scheme Rules 2018;

“Recording Academy” means a U.S. academy of musicians, producers, recording engineers and other musical professionals;

“Registrar” means Computershare Investor Services (Guernsey) Limited;

“Remuneration Committee” means a formal committee of the Board with defined terms of reference;

“Revolving Credit Facility” means a line of credit that is arranged between a bank and a business. It has an established maximum amount, where the business has access to the funds at any time when needed;

“SFS” means London Stock Exchange’s specialist fund segment of the main market for listed securities;

“Shareholder” means the holder of one or more Ordinary Shares;

“Song” means a songwriter's and/or publisher's share of copyright interest in a song, being a musical composition of words and/or music and the songwriter's proportion of the publishing rights of a single musical track, and when construction permits, the collection of words and/or music as purchased by consumers;

“Streaming” means performance and mechanical royalties for digitally playing music in real-time, for example through Spotify;

“Synchronisation” means royalties for playing music in connection with visual media (for example film, TV, advertisements);

“TV” means television;

“UK” or **“United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland;

“U.S.” or **“United States”** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

“Writer’s Share” means performance royalties collected by a Performance Rights Organisation and paid through directly to the songwriter as opposed to the publisher share of performance;

“YouTube” means the U.S. video-sharing website;

“£” or **“Pounds Sterling”** or **“Sterling”** means British pound sterling and **“pence”** means British pence; and

“\$” or **“USD”** means United States dollars and **“cents”** means United States cents.

Hipgnosis Songs Fund Limited
Directors and General Information

Board of Directors

Andrew Sutch (Chairman)
Paul Burger (Senior Independent Director from
9 September 2019)
Andrew Wilkinson
Simon Holden
Sylvia Coleman (appointed 21 November)

Audit and Risk Management Committee

Andrew Wilkinson (Chairman)
Paul Burger
Sylvia Coleman (appointed 21 November)
Simon Holden
Andrew Sutch

Portfolio Committee

Paul Burger (Chairman)
Sylvia Coleman (appointed 21 November)
Simon Holden
Andrew Sutch
Andrew Wilkinson

Asset Management Committee

Andrew Sutch (Chairman)
Paul Burger
Sylvia Coleman (appointed 21 November)
Simon Holden
Andrew Wilkinson

Nomination Committee (established 9
September 2019)
Paul Burger (Chairman)
Sylvia Coleman (appointed 21 November)
Simon Holden
Andrew Sutch
Andrew Wilkinson

Remuneration Committee (established 9
September 2019)
Simon Holden (Chairman)
Paul Burger
Sylvia Coleman (appointed 21 November)
Andrew Sutch
Andrew Wilkinson

Advisory Board

Nile Rodgers
The-Dream
Giorgio Tuinfort
Starrh

Corporate Brokers

N+1 Singer Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

J.P. Morgan Securities plc (Appointed 10
September 2019)
25 Bank Street, Canary Wharf
London
E14 5JP

Independent Auditor

PricewaterhouseCoopers CI LLP
Royal Bank Place
1 Gategny Esplanade
St Peter Port
Guernsey
GY1 4ND

Music Specialist Legal Counsel

CTABL Inc.
9460 Sunrise Lakes Boulevard
Suite 302
Sunrise
Florida 33322
USA

Legal Advisers to the Company

Herbert Smith Freehills LLP
Exchange House
Primrose Street
London
EC2A 2EG

Legal Advisers to the Company as to Guernsey Law

Ogier (Guernsey) LLP
Redwood House
St Julian's Avenue
St Peter Port
Guernsey
GY1 1WA

Principal Banker

Barclays Bank
PO Box 41
Le Marchant House
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Guernsey
GY1 3BE

Nick Jarjour
David Stewart
Bill Leibowitz
Ian Montone
Jason Flom

Registered Office

Effective from 29 April 2019

Floor 2
PO Box 286
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Prior to 29 April 2019

Heritage Hall
PO Box 225
Le Marchant Street
St Peter Port
Guernsey
GY1 4HY

Investment Adviser

The Family (Music) Limited
4th Floor
East Wing
Chancery House
53-64 Chancery Lane
London
WC2A 1QS
www.hipgnosissongs.com

**Administrator and
Company Secretary**

Effective from 29 April 2019

Estera International Fund Managers
(Guernsey) Limited
Floor 2
PO Box 286
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Prior to 29 April 2019

Estera International Fund Managers
(Guernsey) Limited
Heritage Hall

Preferred Portfolio Administrator

Kobalt Music Services Limited
The River Building
1 Cousin Lane
London
EC4R 3TE

Identifiers

ISIN: GG00BFYT9H72

Ticker: SONG

SEDOL: BFYT9H7

Website: www.hipgnosissongs.com

LEI: 213800XJIPNDVKXMOC11

GIIN: 5XGPC8.99999.SL.831

Managing your account online

The Company's registrar, Computershare Investor Services (Guernsey) Limited, allows you to manage your shareholding online. If you are a direct investor you can view your shareholding, change the way the registrar communicates with you and buy and sell shares. If you haven't used this service before, all you need to do is enter the name of the Company and register your account at <https://www-uk.computershare.com/investor>. You'll need your Investor code (IVC) printed on your share certificate in order to register.

PO Box 225
Le Marchant Street
St Peter Port
Guernsey
GY1 4HY

Registrar

Computershare Investor Services (Guernsey)
Limited
1st Floor
Tudor House
Le Bordage
St Peter Port
Guernsey
GY1 1DB

ADVICE TO SHAREHOLDERS

In recent years investment related scams have become increasingly sophisticated and difficult to spot. We are therefore warning all our Shareholders to be cautious so that they can protect themselves and spot the warning signs.

Fraudsters will often:

- contact you out of the blue
- apply pressure to invest quickly
- downplay the risks to your money
- promise tempting returns that sound too good to be true
- say that they are only making the offer available to you
- ask you to not tell anyone else about it

You can avoid investment scams by:

- **Rejecting unexpected offers** – Scammers usually cold call but contact can also come by email, post, word of mouth or at a seminar. If you have been offered an investment out of the blue, chances are it's a high risk investment or a scam.
- **Checking the FCA Warning List** – Use the FCA Warning List to check the risks of a potential investment. You can also search to see if the firm is known to be operating without proper FCA authorisation.
- **Getting impartial advice** – Before investing get impartial advice and don't use an adviser from the firm that contacted you. If you are suspicious, report it

- You can report the firm or scam to the FCA by contacting their Consumer Helpline on **0800 111 6768** or using their online reporting form.
- If you have lost money in a scam, contact **Action Fraud** on 0300 123 2040 or www.actionfraud.police.uk.

For further helpful information about investment scams and how to avoid them please visit www.fca.org.uk/scamsmart.

CAUTIONARY STATEMENT

The Chairman's Statement and the Investment Adviser's Report have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Investment Adviser's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Hipgnosis Songs Fund Limited

Floor 2
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Les Banques
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GY1 4LY

Further information available online:
www.hipgnosissongs.com