

29 May 2020

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

**Publication of Circular and Proposed Amendment to Borrowing Policy**

Hipgnosis announces that it will today post to shareholders a circular in relation to the Company seeking approval from Shareholders to adopt an amended borrowing policy (the “**Proposed Borrowing Policy**”).

The Company focuses on acquiring Catalogues built around proven hit Songs which yield predictable and reliable long term cash flows which are uncorrelated to equity markets and global economic performance. The Directors and the Investment Adviser believe, therefore, that the Company’s assets and their associated income streams are well suited to supporting leverage. Due to the quality of the Catalogues acquired, the Company has been able to obtain leverage on terms that the Directors consider to be attractive. As a result, acquiring Catalogues using leverage is expected to be earnings accretive for the Company whilst not materially impacting the risk profile of the Company.

The Board, following discussions with major shareholders, believes that it is therefore appropriate to adopt a new borrowing policy under which the Company may incur indebtedness of up to a maximum of 30 per cent. of its Net Asset Value, which would represent an increase from the Company’s current borrowing limit of 20 per cent. of its Net Asset Value.

Subject to the Proposed Borrowing Policy being approved by Shareholders, the Company intends to make prudent use of leverage to finance the acquisition (directly or indirectly) of Songs or Catalogues in accordance with the Investment Objective and Policy to enhance equity returns. The Company may also utilise borrowings for working capital and interest rate hedging purposes. The level of leverage will be determined by the Directors, in consultation with the Investment Adviser, and will always be subject to an absolute maximum which, calculated at the time of drawdown, will be no more than 30 per cent. of the Company’s Net Asset Value.

This proposed change to the borrowing policy is considered to constitute a material change to the Company’s published investment policy. Therefore, as stated in its prospectus dated 27 September 2019, the Company is required to obtain the approval of the Company’s Shareholders by way of an ordinary resolution. The Company obtained the approval of the FCA to the proposed change to the Investment Objective and Policy prior to the publication of this announcement. An Extraordinary General Meeting of the Company will be held at 1.30 p.m. on 11 June 2020 at 2nd Floor, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, GY1 2JA for the purpose of approving the Proposal.

A circular, including a notice of General Meeting, setting out details of the Proposed Borrowing Policy will be posted to shareholders today.

The circular, notice of General Meeting, together with the form of proxy, will be submitted to the National Storage Mechanism and will shortly be available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM) and will also be available to download from the Company’s website at [www.hipgnosisongs.com](http://www.hipgnosisongs.com). Each of the documents may also be obtained from the Company Secretary.

**For further information, please contact:**

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## **NOTES TO EDITORS**

### **About Hipgnosis Songs Fund Limited**

([www.hipgnosissongs.com](http://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.