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*This announcement contains inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 ("MAR").*

2 July 2020

**Hipgnosis Songs Fund Limited ("Hipgnosis" or the "Company")**

**Proposed Placing of C Shares**

**And**

**Date of Full Year Results**

On 12 June 2020, Hipgnosis Songs Fund Limited ("Hipgnosis"), the first and only UK investment company offering investors a pure-play exposure to songs and associated musical intellectual property rights, announced that its Investment Adviser, The Family (Music) Limited, was in active discussions on a pipeline of Catalogues with an acquisition value of over £1bn and that the Company was therefore exploring raising additional funding for further investments.

Accordingly, the Company today announces that it intends to raise a target of £200 million by way of a placing of new C Shares at a price of 100 pence per C Share (the "**Issue Price**") under the Company's Placing Programme pursuant to the prospectus published by the Company on 27 September 2019 (respectively the "**Placing**" and the "**Prospectus**").

In conjunction with the Placing, there will be an offer made by Hipgnosis on the PrimaryBid platform of new C Shares at the Issue Price (the "**Retail Offer**") (together with the Placing the "**Issue**") to provide retail investors with an opportunity to participate in the equity fundraising alongside institutional investors. A separate announcement will be made shortly regarding the Retail Offer and its terms. For the avoidance of doubt, the Retail Offer is not part of the Placing.

The net proceeds of the Issue will be used to fund further acquisitions in line with the Company's Investment Policy to create further value for shareholders. This is also expected to continue to increase the diversity of the Portfolio and income streams. The Company currently expects to deploy the net proceeds of the Issue within three months.

**Background to the capital raise**

Hipgnosis was founded by Merck Mercuriadis to give the investment community access to proven Songs, which due to their reliable, predictable and uncorrelated cash flows were highly investible.

Fifteen years of technological disruption in the form of piracy has left these highly investible assets available at attractive prices at a time when the rapid adoption of paid music subscription services

was starting to drive a rebound in global music industry revenues. Furthermore the convenience and access afforded by streaming has transformed music from a luxury / discretionary purchase to an indispensable utility.

Against this backdrop Hipgnosis has acquired 54 Catalogues, diversified by vintage and genre, which are built around proven hit songs with a track record of producing reliable, predictable and uncorrelated cash flows. The Portfolio, which was independently valued at £757m as at 31 March 2020, includes five of Billboard Magazine's "Top 10 Songs of the Decade" (including 4 of the Top 5) and 8 of Spotify's 30 most streamed songs of all time.

Song highlights include Amy Winehouse - 'Back To Black', Eurythmics - 'Sweet Dreams (Are Made Of This)', Justin Timberlake - 'SexyBack', Journey - 'Don't Stop Believin'; Cher - 'Believe', Al Green - 'Let's Stay Together', Adele - 'Set Fire To The Rain' and Bon Jovi - 'Livin' On A Prayer'.

A core part of Hipgnosis' thesis is that song revenues are uncorrelated, as music is always being consumed whether in good times or bad. Accordingly, the Directors believe that the Company is well positioned in both the current and post Covid-19 world. Although live music income streams have been impacted by the pandemic, music streaming growth remains buoyant – particularly with consumers re-discovering older vintage hits.

**Merck Mercuriadis, Founder of The Family (Music) Limited and Hipgnosis Songs Fund Limited, said:**

*“Having invested over \$1 billion dollars in some of the most extraordinarily successful songs of all time in the last 24 months, we are now a FTSE 250 company and the 58<sup>th</sup> biggest yielder on the index. This has firmly established songs as a new uncorrelated asset class. Our recent NAV results have demonstrated that our access combined with the growth of streaming, increased songwriter royalties thanks to the CRB ruling, our active management, efficiencies in collection and songwriters first strategy can deliver great uncorrelated returns for our shareholders even during the course of the pandemic. This capital raise provides us with the opportunity to continue growing our portfolio of culturally important proven hit songs, which currently offer significant value.”*

#### **Date of Full Year Results**

The Annual Results for the year ended 31 March 2020 are expected to be published on 3 July 2020

#### **Proposed Placing under the Placing Programme**

N+1 Singer Advisory LLP ("**N+1 Singer**") and J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**JPMC**"). are acting as joint bookrunners in connection with the Placing (the "**Joint Bookrunners**"). For the avoidance of doubt, the Joint Bookrunners are not acting in any capacity in relation to the Retail Offer.

Hipgnosis will issue up to 200,000,000 new C Shares pursuant to the Placing (the "**Placing Shares**"). The final number of new C Shares will be agreed between the Company and Joint Bookrunners following close of the Placing, and announced shortly thereafter. The Board reserves the right, in consultation with the Investment Adviser and Joint Bookrunners, to increase the size of the Placing if there is excess demand.

The Placing shall commence immediately following this announcement and will be closed at the discretion of the Company and the Joint Bookrunners.

The Joint Bookrunners may choose to accept applications, either in whole or in part, on the basis of allocations determined in agreement with the Company, and may scale back any applications for this purpose on such basis as the Company and the Joint Bookrunners may determine. The Joint Bookrunners may also, notwithstanding the above and subject to the prior consent of the Company: (i) allocate new C Shares after the time of any initial allocation to any person submitting an application after that time, and (ii) allocate new Placing Shares after the Placing has closed to any person submitting an application after that time. The Company's Board, in consultation with the Joint Bookrunners, may also decide not to proceed with the Placing for any reason. In this case, an announcement will be made by the Company. Application will be made to the London Stock Exchange for any new C Shares issued pursuant to the Placing to be admitted 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 ("**Admission**").

The Placing will be made on a non-pre-emptive basis. The Placing is conditional upon, inter alia, Admission becoming effective.

The Placing is being made pursuant to the terms and conditions set out in Part X of the Prospectus. Investors are invited to apply for new Placing Shares pursuant to the Placing by contacting their usual contact at N+1 Singer or JPMC.

A copy of the Prospectus is available on the Company's website [www.hipgnosissongs.com/disclaimer](http://www.hipgnosissongs.com/disclaimer), subject to certain access restrictions. It is also available for inspection at the Company's Administrator's office, Ocorian Administration (Guernsey) Limited, P.O. Box 286, Floor 2, Trafalgar Court, Les Banques, St. Peter Port, Guernsey, GY1 4LY. It can also be found at the National Storage Mechanism via [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM).

## **C Share Issue Arrangements**

### *Conversion of C Shares*

Pursuant to the Articles and absent any Force Majeure Circumstances, the C Shares to be issued pursuant to the Issue would be required to be converted into New Ordinary Shares within one month from the Calculation Time, being the earlier of: (i) the close of business on the date on which the Board becomes aware or is notified by the Investment Adviser that at least 80 per cent. of the Net Issue Proceeds has been invested in accordance with the Company's Investment Objective and Policy; or (ii) the close of business on 15 July 2021 (being the date that is 12 months following Admission). However, given the difficulties in finalising independent valuations within the time period prescribed in the Articles and the administrative and financial burden of revaluing the Portfolio, it is proposed that the Calculation Time be linked to the valuations published by the Company on the semi-annual NAV Calculation Dates (being 31 March and 30 September of each year, or such other dates as the Directors may determine).

Accordingly, at the Company's Annual General Meeting to be held in September 2020, the Directors will seek the approval of both Ordinary Shareholders and C Shareholders to approve an amendment to the Articles to amend the Calculation Time and Conversion Time of the C Shares. Under the proposals the Calculation Time shall be defined as occurring on the next semi-annual NAV Calculation

Date (or such other valuation point as may be determined by the Directors in their absolute discretion) immediately following the earliest of: (i) the close of business on the date on which the Board becomes aware or is notified by the Investment Adviser that at least 80 per cent. of the Net Issue Proceeds has been invested in accordance with the Company's Investment Objective and Policy; (ii) the close of business on the last Business Day prior to the day on which Force Majeure Circumstances have arisen or the Directors resolve that such circumstances are in contemplation; (iii) the close of business on such date as the Directors may determine to enable the Company to comply with its obligations in respect of Conversion of that class of C Share; or (iv) the close of business on 15 July 2021 (being the date that is 12 months following Admission). In order to accommodate this revised timeframe, it is proposed that the longstop date contained in the definition of Conversion Time be extended from one month following the Calculation Time to five months following the Calculation Time. On the basis of these revised definitions, the latest Calculation Time in respect of the class of C Shares to be issued pursuant to the Issue will be 30 September 2021 and the latest Conversion Time would be 28 February 2022.

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

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

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

Any person acquiring new Ordinary Shares upon Conversion will be deemed to have agreed, represented and warranted to each of the Company, the Investment Adviser, the Registrar and the Joint Bookrunners to all of the statements that the subscriber for the relevant C Shares is deemed to have agreed, represented and warranted to each of the aforementioned persons at the time of subscription as set out in the Prospectus, including but not limited to the sections entitled "The Conversion Process" and "Ranking of C Shares upon Conversion".

#### *Dividends due in respect of C Shares to be issued pursuant to the Issue*

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

The Company reserves the right to declare and pay a dividend or other distribution in respect of the C Shares between the Calculation Time and the Conversion Time (both dates inclusive). The Directors reserve the right to make adjustments to the Conversion Ratio to reflect any dividends or other distributions declared, in respect of the Ordinary Shares and / or the C Shares, between the Calculation Time and the Conversion Time (both dates inclusive). If a dividend is declared in respect of the Ordinary Shares with a record date falling between the relevant Calculation Time and the relevant

Conversion Time (both dates inclusive), any New Ordinary Shares arising on Conversion of the C Shares will not rank for such dividend.

Unless otherwise defined, capitalised terms in this announcement shall have the meaning given to them in the Prospectus.

#### Expected Timetable of Principal Events

Date of this Announcement	2 July 2020
Launch of Retail Offer	2 July 2020
Latest time and date for receipt of placing commitments under the Placing	1:00 p.m. on 10 July 2020
Publication of results of the of the Issue	10 July 2020
Admission and commencement of dealings in new C Shares pursuant to the Placing	8:00 a.m. on 15 July 2020
Admission and commencement of dealings in new C Shares pursuant to the Retail Offer	8:00 a.m. on 16 July 2020

#### Dealing codes

ISIN for the C Shares to be issued pursuant to the Issue	GG00BLPHZK78
SEDOL for the C Shares to be issued pursuant to the Issue	BLPHZK7
Ticker code for the C Shares to be issued pursuant to the Issue	SONC

#### **The Family (Music) Limited**

Merck Mercuriadis

Tel: +44 (0)1481 742742

#### **N+1 Singer - Joint Corporate Broker and Bookrunner**

James Maxwell / James Moat (Corporate Finance)  
Alan Geeves / James Waterlow / Sam Greatrex (Sales)

Tel: +44 (0)20 7496 3000

#### **J.P. Morgan Cazenove - Joint Corporate Broker and Bookrunner**

William Simmonds / Jérémie Birnbaum (Corporate Finance)  
James Bouverat

Tel: +44 (0)20 7742 4000

#### **The Outside Organisation**

Alan Edwards / Nick Caley

Tel: +44 (0)7711 081 843

#### **FTI Consulting**

Neil Doyle/ Paul Harris/ Laura Ewart

Tel: +44 (0)7771 978220; +44 (0)7809 411882; +44 (0)7761 332646

#### **All US music publicity enquiries**

Fran Defeo

+1 917 767 5255

## **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.

## **IMPORTANT NOTE**

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

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

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

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

The Company will not be registered under the US Investment Company Act of 1940, as amended. In addition, the Company's shares referred to herein have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or under the securities laws of any state of the United States and may not be offered or sold in the United States or to or for the account or benefit of US persons absent registration or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with any applicable State securities laws. The offer and sale of Placing Shares referred to herein has not been and will not be registered under the Securities Act or under the applicable securities laws of any state, province or territory of Australia, Canada, South Africa or Japan. Subject to certain exceptions, the Company's shares referred to herein may not be offered or sold in Australia, Canada, South Africa or Japan or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, South Africa or Japan. There will be no offer of the Company's shares in the United States, Australia, Canada, South Africa or Japan.

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

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

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

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements involve known and unknown risks and uncertainties,

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

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

### **Information to distributors**

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

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



it is noted that, notwithstanding the Target Market Assessment, N+1 Singer and JPMC will only procure investors who meet the criteria of professional clients and eligible counterparties.

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

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

### **PRIIPS Regulation**

In accordance with the Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on key information documents for packaged retail and insurance-based investment products (PRIIPs) and its implementing and delegated acts (the "**PRIIPs Regulation**"), a key information document in respect of the C Shares to be issued pursuant to the Issue and the Ordinary Shares has been prepared by Hipgnosis Songs Fund Limited and is available to investors at [www.hipgnosissongs.com/disclaimer](http://www.hipgnosissongs.com/disclaimer).

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