

23 July 2020

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

### Increased Debt Facility

The Board of Hipgnosis, the first and only UK listed investment company offering investors a pure-play exposure to songs and associated intellectual property rights, and its Investment Adviser, The Family (Music) Limited, are pleased to announce that the Company has entered into an agreement with a syndicated group of lenders, with JPMorgan Chase Bank as Lead Arranger, to increase its Revolving Credit Facility from £150 million to \$400 million. The increased Revolving Credit Facility will be used in line with the Company’s proposed financing strategy, and in accordance with the investment policy total borrowings will not exceed 30% of Net Asset Value<sup>1</sup>.

In addition to the increase of the commitment, certain terms of the Revolving Credit Facility have been amended. These amended terms include:

- Drawings under the facility will be denominated in US dollars. This will provide a partial natural hedge against FX movements as the majority (89% as at 31 March 2020) of the Company’s Catalogues are acquired in US dollars and the majority of income is received in US dollars; and
- The Revolving Credit Facility includes three financial covenants:
  - the Loan to Value, calculated as the total indebtedness of the Company divided by the gross value of its Catalogues, must not exceed 40%;
  - the Company’s cash and facility headroom must be greater than an estimate of one year’s total costs; and
  - total indebtedness of the Company as a multiple of the Net Publisher Share<sup>2</sup> of income from the Company’s Catalogues must not exceed 4.5x.

The Company will substantially invest the net proceeds of the recent equity fund raise before drawing further leverage.

<sup>1</sup> *the value of the Gross Assets of the Company less its liabilities (including accrued but unpaid fees) determined by the Directors in their absolute discretion in accordance with the accounting policies adopted by the Directors, from time to time, to be adjusted so as to reflect the fair value of intangible assets held at the relevant reporting date*

<sup>2</sup> *NPS - Net publisher's share being the amount of royalties received by a music publisher less any amounts of those royalties that have to be paid to writers, performers and anyone else who receives a share of the royalties*

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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 £860 million (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent issues in April 2019, August 2019, October 2019 and July 2020. 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, Jason Flom, Bjorn Lindvall and Chris Helm.