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

21 September 2020

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

**Proposed Placing to raise up to £250 million**

The Board of Hipgnosis, the first and only UK investment company offering investors a pure-play exposure to songs and associated musical intellectual property rights, is pleased to announce that the Company intends to raise up to £250 million by way of a placing of new Ordinary Shares (the "**Placing**") at a price of 116 pence per Ordinary Share (the "**Issue Price**").

In conjunction with the Placing, there will be an offer made on the PrimaryBid platform of new Ordinary 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.

**Highlights**

- Placing of up to 215,517,241 Ordinary Shares under the Company's Placing Programme pursuant to the prospectus published by the Company on 27 September 2019 (respectively the "**Placing**" and the "**Prospectus**") to raise up to £250 million
- Retail Offer of up to 3,642,583 Ordinary Shares to raise approximately £4 million
- The issue price of 116 pence per Ordinary Share (the "**Issue Price**") represents a:
  - 7.9% discount to the closing Ordinary Share price of 126 pence on 18 September 2020
  - 3.6% premium to the Adjusted Operative NAV of 111.98 pence per Ordinary Share (being the last reported Operative NAV of 116.73p on 31 March 2020 as adjusted for (i) 2.43 pence per Ordinary Share in respect of the dividends totalling 2.50 pence per Ordinary Share for the 6 month period from 1 January 2020 to 30 June 2020 which were declared and paid in May 2020 and July 2020 in respect of the Ordinary Shares in issue at that time, (ii) unaudited accrued earnings of 2.26 pence per Ordinary Share for the five and a half month period from 1 April 2020 to 18 September 2020, and (iii) decrease in the Fair Value of the catalogues owned at 31 March 2020 of 4.58 pence per Ordinary Share to reflect the strengthening of the GBP to USD exchange rate from 1.2407 on 31 March 2020 to 1.2948 on 18 September 2020)

- The Company announced on 9 September that it has invested approximately 82% of the net proceeds from its July C Share fundraising. Since then the Company has acquired several more Catalogues including Chrissie Hynde, Rick James and Steve Robson
- The net proceeds of the Issue are expected to be used to fund the acquisition of a significant pipeline of catalogues with a blended acquisition multiple of approximately 18x historic annual income (the “**Pipeline Catalogues**”)
- The Investment Adviser believes that the Pipeline Catalogues include some of the most influential hit songs of each of the past six decades which offer significant Song Management opportunities and will further diversify the Company’s income by artist, genre and vintage
- The Investment Adviser is also in discussions on further catalogues with an aggregate consideration of more than £1 billion
- N+1 Singer Advisory LLP (“**N+1 Singer**”), J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) (“**JPMC**”) and RBC Capital Markets (“**RBC**”) are acting as joint bookrunners in connection with the Placing (the “**Joint Bookrunners**”)

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

*“We have made a significant impact on the songwriting community over the last 2 plus years and the overwhelming love and support we have from these great creators has led to further opportunities on evergreen songs and catalogues. I would like to thank all the songwriters, artists and producers that have made us first choice to look after your incomparable legacies.”*

**Information on the Pipeline Catalogues**

The Investment Adviser has identified and secured exclusivity on approximately 50 Catalogues that are in line with the Company’s investment policy with an aggregate acquisition value of approximately £250 million representing a blended acquisition multiple of 18.3x historic annual income.

The higher average multiple of the Pipeline Catalogues reflects that they include the Catalogues of some of the most influential and successful songwriters of each of the past six decades. Accordingly, the Investment Adviser believes that the acquisition of the Pipeline Catalogues will provide the following benefits to shareholders:

- The acquisition of a highly stable and predictable income stream, which grew significantly from 2019 to 2020
- Influential hit songs with opportunities for the Investment Adviser to grow income from active Song Management
- Increased diversification of income from songs spanning a broad range of artists, genres and vintages

The Investment Adviser is also in discussions on further catalogues with an aggregate consideration of more than £1 billion which could be acquired within 3 months should the acquisition of any of the Pipeline Catalogues not proceed.

**Proposed Placing under the Placing Programme**

Hipgnosis will issue up to 215,517,241 new Ordinary Shares pursuant to the Placing (the “**Placing Shares**”). The final number of Placing 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 11 a.m. on 24 September 2020 but may be closed earlier or later 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 Placing Shares after the time of any initial allocation to any person submitting an application after that time, and (ii) allocate 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 Placing 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 on or before 25 September 2020.

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, JPMC or RBC.

A copy of the Prospectus and the supplementary prospectuses published by the Company on 25 June 2020 and 14 July 2020 are available on the Company's website [www.hipgnosissongs.com/disclaimer](http://www.hipgnosissongs.com/disclaimer), subject to certain access restrictions. They are 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. They can also be found at the National Storage Mechanism via <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

#### **Expected Timetable of Principal Events**

Date of this Announcement	21 September 2020
Latest time and date for receipt of placing commitments under the Placing	11 a.m. on 24 September 2020
Publication of results of the Issue	24 September 2020

Admission and commencement of dealings in the Placing Shares 8:00 a.m. on 25 September 2020

Admission and commencement of dealings in new Ordinary Shares issued pursuant to the Retail Offer 8:00 a.m. on 25 September 2020

**Dealing codes**

ISIN for the Ordinary Shares to be issued pursuant to the Issue	GG00BFYT9H72
SEDOL for the Ordinary Shares to be issued pursuant to the Issue	BFYT9H7
Ticker code for the Ordinary Shares to be issued pursuant to the Issue	SONG

**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 £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.

## **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(e) of the Prospectus Regulation (Regulation (EU) 2017/1129) 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, as supplemented by the supplementary prospectuses published by the Company on 25 June 2020 and 14 July 2020 (the "**Supplementary Prospectuses**"). 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 and the Supplementary Prospectuses.

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.

RBC, 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 RBC or advice to any other person in relation to the Placing. Neither RBC 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, RBC 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, RBC 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, JPMC and RBC 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 Placing 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 Placing Shares, it is your responsibility to ensure that the relevant key information document is provided to any clients that are "retail clients".