

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

### **Conversion to investment trust company**

The Board of Hipgnosis Songs Fund Limited, the first 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, as noted in the Company’s prospectus dated 21 January 2021 (the “Prospectus”), the Company applied to HMRC for approval of the Company as an investment trust company and that such approval has been granted. Accordingly, the Company’s conversion to an investment trust company will take effect from today (and for such time as the Company maintains this status). The Company will be treated as being resident in the UK for tax purposes from such date. With effect from this change, the Company will cease to be a Guernsey tax exempt vehicle under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended.

The Company applied to become an investment trust company to mitigate the recently increased scope of Guernsey’s economic substance rules, which now apply to Guernsey entities (including Guernsey tax exempt vehicles) that are self-managed collective investment schemes.

In respect of each accounting period for which the Company is approved by HMRC as an investment trust, the Company will be exempt from UK taxation on its chargeable gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way. The Company should, in practice, be exempt from UK corporation tax on dividend income received, provided that such dividends (whether from UK or non UK companies) fall within one of the "exempt classes" in Part 9A of the Corporation Tax Act 2009.

Details of the tax implications for UK resident shareholders are outlined in paragraph 2 of Part VI (Taxation) of the Prospectus, and details of the ongoing conditions for investment trust companies are outlined in paragraphs 1.5 and 1.6 of Paragraph VII (Additional Information) of the Prospectus. If shareholders are in any doubt about their tax position, they should consult their professional adviser.

#### **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 £1.1 billion (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent issues in April 2019, August 2019, October 2019, July 2020, September 2020 and February 2021. 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, and in March 2020 became a constituent of the FTSE 250 Index.

**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 A. Stewart, Bill Leibowitz, Ian Montone, Rodney Jerkins, Bjorn Lindvall and Chris Helm.