

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take or the contents of this Prospectus, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank, solicitor, accountant, or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 (the “FSMA”) if you are in the United Kingdom, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

A copy of this document, which comprises a prospectus relating to Hipgnosis Songs Fund Limited (the “Company”) in connection with the issue of Shares in the Company, prepared in accordance with the Prospectus Rules of the UK Listing Authority made pursuant to section 73A of the FSMA, has been filed with the Financial Conduct Authority in accordance with Rule 3.2 of the Prospectus Rules.

The Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment programme. It should be remembered that the price of the Shares and the income from them can go down as well as up.

Applications will be made for the Shares to be admitted to the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority and to be admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in the Shares which are the subject of the Issue will commence on 10 July 2017.

The Company and the Directors, whose names appear on page 49 of this Prospectus, accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Capitalised terms contained in this Prospectus shall have the meanings set out in the sections entitled “Glossary of terms” and “Definitions” in this Prospectus, save where the context requires otherwise.

The attention of potential investors is drawn to the section entitled Risk Factors in this Prospectus.

The earliest date for applications under the Offer is the date of this Prospectus and the latest time and date for applications under the Offer is 11.00 a.m. on 5 July 2017. The latest time and date for placing commitments under the Placing is 3.00 p.m. on 5 July 2017. Further details of the Issue are set out in Part VI (*Issue Arrangements*) of this Prospectus.

HIPGNOSIS SONGS FUND LIMITED

(an investment company limited by shares incorporated under the laws of Guernsey with registered number 63613)

Placing and Offer for Subscription of ordinary shares for a target issue of 200 million Shares at an Issue Price of 100 pence per Share

Investment Adviser

Hipgnosis Songs Limited

Sponsor, Financial Adviser and Bookrunner

Cenkos Securities plc

This Prospectus does not constitute an offer to sell or issue, or the solicitation of an offer to purchase, subscribe for or otherwise acquire, Shares in any jurisdiction where such an offer or solicitation would be unlawful or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or the Investment Adviser. The distribution of this Prospectus and the offer of the Shares in certain jurisdictions may be restricted by law. Other than in the United Kingdom, no action has been or will be taken to permit the possession, issue or distribution of this Prospectus (or any other offering materials or publicity relating to the Shares) in any jurisdiction where action for that purpose may be required or doing so is restricted by law. Accordingly, neither this Prospectus, nor any other offering materials or publicity relating to the Shares may be distributed or published in any jurisdiction except under circumstances that will

result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus (or any other offering materials or publicity relating to the Shares) comes should inform themselves about and observe any such restrictions.

The Investment Adviser accepts responsibility for the information and opinions contained in: (a) the risk factors under the following headings: “*Risks Relating to the Company*”; “*Risks Relating to the Music Industry*”; “*Risks Relating to the Investment Adviser*”; and “*Risks Relating to the Investment Policy and Strategy and to the Investment Portfolio and the Pipeline Assets*”; (b) Part I (*Investment Highlights*); (c) section 1 (*Introduction*), section 2 (*Investment Objective and Policy*), section 3 (*Pipeline Investments*), section 4 (*Dividend Policy*), section 5 (*Target Returns*), and section 7 (*Calculation and Publication of Net Asset Value*) of Part II (*Information on the Company*); (d) Part III (*Market Background and Investment Strategy and Approach*); (e) Part IV (*The Investment Adviser*); and (f) the sections entitled “*Conflicts of Interest: Investment Adviser*” and “*Fees and Expenses: Fees payable to the Investment Adviser*” of Part V (*Directors and Administration*) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of the Investment Adviser. To the best of the Investment Adviser’s knowledge, which has taken all reasonable care to ensure that such is the case, the information and opinions contained in this Prospectus related to or attributed to it or any Affiliate of the Investment Adviser are in accordance with the facts and does not omit anything likely to affect the import of such information or opinions.

The Company has not been and will not be registered under the U.S. Investment Company Act of 1940, as amended (the “**U.S. Investment Company Act**”) and as such investors are not and will not be entitled to the benefits of the U.S. Investment Company Act. The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “**U.S. Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, “U.S. persons” as defined in Regulation S under the U.S. Securities Act (“**U.S. Persons**”), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not result in the Company being required to register under the U.S. Investment Company Act. In connection with the Issue, subject to certain exceptions, offers and sales of Shares will be made only outside the United States in “offshore transactions” to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act. There has been and will be no public offering of the Shares in the United States.

Neither the U.S. Securities and Exchange Commission (the “SEC”) nor any securities regulatory authority of any state or other jurisdiction of the United States has approved or disapproved of the Shares or passed upon the adequacy or accuracy of this Prospectus. Any representation to the contrary is a criminal offence in the United States.

The offer and sale of Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or South Africa. The Shares may not be offered or sold within Australia, Canada, Japan or South Africa or to any national, resident or citizen of Australia, Canada, Japan or South Africa.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with such restrictions may constitute a violation of applicable securities laws and may subject the holder to the forced transfer provisions set out in the Articles. For further information on restrictions on transfers of the Shares, prospective investors should refer to the sections entitled “Representations, Warranties and Undertakings” in Part VI (*Issue Arrangements*) and “*Memorandum and Articles: Transfer of Shares*” in Part VIII (*Additional Information*) of this Prospectus.

Cenkos Securities plc (“**Cenkos**”), which is authorised and regulated in the United Kingdom by the Financial Conduct Authority is acting as Sponsor, Financial Adviser and Bookrunner to the Company and for no one else in connection with the Issue and will not be responsible to anyone other than the Company for providing the protections afforded to its clients, nor for providing advice in relation to the Issue or any matters referred to herein.

Cenkos does not accept any responsibility whatsoever for the contents of this Prospectus. Cenkos does not make any representation or warranty, express or implied, for the contents of this

Prospectus including its accuracy, completeness or verification or for any other statement made or purported to be made by it or on its behalf in connection with the Company, the Issue or the Shares. Cenkos accordingly disclaims to the fullest extent permitted by law all and any liability, whether arising in tort or contract or otherwise (save as referred to above), which it might otherwise have in respect of this Prospectus or any such statement. Nothing in this paragraph shall serve to limit or exclude any of the responsibilities and liabilities, if any, which may be imposed on Cenkos by FSMA or the regulatory regime established thereunder.

In connection with the Placing, Cenkos and any of its Affiliates acting as an investor for its or their own account(s), may subscribe for the Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in such securities of the Company, any other securities of the Company or other related investments in connection with the Placing or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, Cenkos and any of its affiliates acting as an investor for its or their own account(s). Neither Cenkos nor any of its affiliates intends to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

The Company is an investment company registered with the Guernsey Financial Services Commission (“**GFSC**”) under the Registered Collective Investment Scheme Rules 2015 (“**RCIS Rules**”) and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The GFSC, in granting registration, has not reviewed this document but has relied upon specific warranties provided by Heritage International Fund Managers Limited, the Company’s designated administrator (the “**Fund Administrator**”).

The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

This Prospectus is dated 23 June 2017.

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SUMMARY

Summaries are made up of disclosure requirements known as “Elements”. These Elements are numbered in Sections A – E (A1 – E7). This summary contains all the Elements required to be included in a summary for this type of security and issuer. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of security and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary with the mention of “not applicable”.

<i>Section A – Introduction and Warnings</i>		
Element	Disclosure requirement	Disclosure
A1	Warning	This summary section should be read as an introduction to this Prospectus. Any decision to acquire Shares should be based on a consideration of this Prospectus as a whole by an investor. Where a claim relating to the information contained in this Prospectus is brought before a court, a plaintiff investor might, under national legislation of the member states of the European Union, have to bear the costs of translating that prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary, including any translation of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of this Prospectus or it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in such securities.
A2	Use of prospectus by financial intermediaries	<p>The Company consents to the use of this document by financial intermediaries in connection with the placement of Shares by financial intermediaries.</p> <p>Such consent is given from the date any Intermediaries are appointed to participate in connection with any subsequent resale or placement of Shares until the closing of the period for the subsequent resale or placement of Shares on 5 July 2017, being the date upon which the Offer closes, unless closed prior to that date.</p> <p>Information on the terms and conditions of any subsequent resale or placement of securities by any financial intermediary is to be provided at the time of the offer by the financial intermediary.</p>
<i>Section B – Issuer</i>		
Element	Disclosure requirement	Disclosure
B1	Legal and commercial name	Hipgnosis Songs Fund Limited
B2	Domicile and legal form	The Company is an investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 31 May 2017, with registration number 63613.
B5	Group description	The Company will make, and subsequently manage, its investments directly or indirectly through a number of wholly

		owned subsidiary companies incorporated in Guernsey and the UK. The Company will structure its investments with a view to ensuring tax efficient management of the income streams realised from the Portfolio.												
B6	Major Shareholders	<p>Not applicable. As at the date of this Prospectus and insofar as is known to the Company, no person is or will immediately following the Issue, be directly or indirectly interested in three per cent. or more of the Company's issued share capital. None of the Company's Shareholders has or will have voting rights attached to the Shares held by them which are different from the voting rights attached to any other Shares in the same class in the Company.</p> <p>As at the date of this Prospectus, insofar as is known to the Company, the Company will not immediately following the Issue be directly or indirectly owned or controlled by any single person or entity and there are no arrangements known to the Company the operation of which may subsequently result in a change of control of the Company.</p> <p>As at the date of this Prospectus, none of the Directors or any person connected with any of the Directors has a shareholding or any other interest in the share capital of the Company. However, the Directors and certain members of the Investment Adviser intend to subscribe for Shares pursuant to the Issue in the amounts set out below:</p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Name</th> <th style="text-align: right;">Number of Shares</th> </tr> </thead> <tbody> <tr> <td>Andrew Sutch</td> <td style="text-align: right;">20,000</td> </tr> <tr> <td>Simon Holden</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>Rupert Perry CBE</td> <td style="text-align: right;">10,000</td> </tr> <tr> <td>Andrew Wilkinson</td> <td style="text-align: right;">15,000</td> </tr> <tr> <td>Merck Mercuriadis</td> <td style="text-align: right;">100,000</td> </tr> </tbody> </table>	Name	Number of Shares	Andrew Sutch	20,000	Simon Holden	15,000	Rupert Perry CBE	10,000	Andrew Wilkinson	15,000	Merck Mercuriadis	100,000
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Andrew Sutch	20,000													
Simon Holden	15,000													
Rupert Perry CBE	10,000													
Andrew Wilkinson	15,000													
Merck Mercuriadis	100,000													
B7	Key financial information	Not applicable. The Company is newly incorporated and has no historical financial information.												
B8	Key <i>pro forma</i> financial information	Not applicable. No <i>pro forma</i> information about the Company is included in this document.												
B9	Profit forecast	Not applicable. No profit estimate or forecast for the Company is made.												
B10	Description of the nature of any qualifications in the audit report on the historical financial information	Not applicable. The Company is newly incorporated and has no historical financial information.												
B11	Working capital	Not applicable. The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this Prospectus.												

B34	Investment objective and policy	<p>Investment Objective</p> <p>The Company's investment objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in Songs and associated musical intellectual property rights.</p> <p>Investment Policy</p> <p>The Company's investment policy is to diversify risk through investment in a Portfolio of Songs and associated musical intellectual property rights. The Company will seek to acquire 100 per cent. of a songwriter's copyright interest in each Song, which would comprise their writer's share, their publisher's share and their performance rights. In appropriate cases, however, the Company may not acquire all three elements of the songwriter's interest. The Company will acquire interests in Songs which are sole authored or co-authored. The Company may also acquire interests in Songs jointly with another purchaser. Each Song will be considered by the Company to be a separate asset.</p> <p>The Company will, directly or indirectly via portfolio administrators, enter into licensing agreements, under which the Company will receive payments attributable to the copyright interests in the Songs which it owns. Such payments may take the form of royalties, licence fees and/or advance payments, including:</p> <ul style="list-style-type: none"> ● mechanical royalties – when a copy of a Song is made, whether physical (e.g. CDs, DVDs) or digital (e.g. permanent downloads, streaming, webcast); ● performance royalties – when a Song is performed live or broadcast on TV or Radio, or when a song is streamed online; and ● synchronisation fees – when a Song is used in another form of media (e.g. movie, TV show, video game, advertisement). <p>The Company will focus on delivering income growth and capital growth by pursuing efficiencies in the collection of payments and active management of the Songs it owns.</p> <p>The Company may acquire Songs for consideration consisting of cash, Shares or a combination of cash and Shares, and payment of part of the consideration may be on deferred terms.</p> <p>Whilst the Company does not intend to sell the Songs it owns, it may make disposals of Songs where it considers such a disposal to be in the best interests of Shareholders.</p> <p><i>Investment restrictions</i></p> <p>The Company will invest its assets and manage the Songs it acquires with the objective of constructing a high quality and diversified Portfolio of Songs. The Company will acquire Catalogues from a number of different songwriters, which will include Songs diversified across music genres and sung by numerous recording artists. The Company will be subject to the following investment restrictions:</p> <ul style="list-style-type: none"> ● the Company will hold interests in a minimum of 300 Songs once fully invested; ● the value of any single Song will not represent more than 10 per cent. of the Company's Gross Assets, calculated at the date of the acquisition of such Song (and re-calculated in the aggregate upon the acquisition of any additional interest in a Song). In the event this limit is breached at any point after the relevant investment has been made or added to (for example
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		<p>due to a change in valuation of any Song), there will be no requirement to sell any Song, in whole or in part; and</p> <ul style="list-style-type: none"> ● the Company will not invest in closed-ended investment companies or other investment funds. <p><i>Cash management</i></p> <p>The Company's uninvested capital may be invested in cash, cash equivalents, near cash instruments and money market instruments.</p> <p><i>Hedging and derivatives</i></p> <p>The Company may utilise derivatives for efficient portfolio management. In particular, the Directors may engage in full or partial foreign currency hedging and interest rate hedging. The Company will not enter into such arrangements for investment purposes.</p> <p><i>Amendments to and compliance with the Investment Policy</i></p> <p>Material changes to the Company's investment policy may only be made in accordance with the Listing Rules and with the approval of the Shareholders by way of ordinary resolution (for so long as the Shares are listed on the Official List).</p> <p>In the event of a material breach of any of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company through an announcement made via a RIS.</p>
B35	Borrowing limits	The Company may incur indebtedness of up to a maximum of 20 per cent. of its Net Asset Value, calculated at the time of drawdown. Such borrowings may only be utilised for working capital and/or short-term bridging to finance the purchase of Songs.
B36	Regulatory status	The Company is an investment company registered with the Guernsey Financial Services Commission under the Registered Collective Investment Scheme Rules 2015 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. In addition, the Company is subject to the continuing obligations imposed by the UKLA and the London Stock Exchange on all investment companies whose shares are admitted to the Official List and to trading on the Premium Segment of the Main Market.
B37	Typical investors	<p>Typical investors in the Company are expected to be institutional investors, professionally-advised private investors and highly knowledgeable investors who understand and are capable of evaluating the risks of such an investment.</p> <p>The Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment.</p>
B38	Investment of 20 per cent. or more in single underlying asset or investment company	Not applicable. No single asset will represent more than 20 per cent. of Gross Assets of the Company on Admission.

B39	Investment of 40 per cent. or more in single underlying asset or investment company	Not applicable. No single asset will represent more than 40 per cent. of Gross Assets of the Company on Admission.
B40	Applicant's service providers	<p>Investment Adviser</p> <p>The Investment Adviser, Hipgnosis Songs Limited, is a company incorporated with limited liability in England and Wales, and registered with company number 10795606 and whose registered office is at Lansdowne House, 1b Lansdowne Road, Holland Park, London W11 3LP.</p> <p>The Investment Adviser will be entitled to an advisory fee (payable in cash) and a performance fee (usually payable predominantly in Shares subject to an 18 month lock up arrangement). The aggregate amount for both the advisory fee and the performance fee in respect of any Accounting Period will not exceed 5 per cent. of the Net Asset Value at the end of that Accounting Period.</p> <p>Advisory Fee</p> <p>The Investment Adviser shall be entitled to receive an advisory fee calculated on the following basis:</p> <p>(A) for the period between Admission and 30 June 2019:</p> <ol style="list-style-type: none"> a. 1.5 per cent. per annum of the Gross Total Proceeds of up to £200 million; b. 1.25 per cent. per annum of the Gross Total Proceeds in excess of £200 million and up to £300 million; and c. 1 per cent. per annum of the Gross Total Proceeds in excess of £300 million; and <p>(B) thereafter:</p> <ol style="list-style-type: none"> a. 1.5 per cent. per annum of the Average Market Capitalisation of up to £200 million; b. 1.25 per cent. per annum of the Average Market Capitalisation in excess of £200 million and up to £300 million; and c. 1 per cent. per annum of the Average Market Capitalisation in excess of £300 million, <p>(together the “Advisory Fee”).</p> <p>For the purposes of calculating the Advisory Fee:</p> <p>“Average Market Capitalisation” means, in relation to each month where the Advisory Fee is payable, “A” multiplied by “B”, where:</p> <p>“A” is the average of the middle market quotations of the Shares for the five day period ending on the last Business Day of that month (adjusted as appropriate to exclude any dividend where the Shares are quoted ex such dividend at any time during that five day period); and</p> <p>“B” is weighted average of the number of Shares in issue (excluding any Shares held in treasury) at the end of each day during that month; and</p> <p>“Gross Total Proceeds” means the sum of the Gross Issue Proceeds and any additional capital proceeds raised between Admission and 30 June 2019 through subsequent issue of Shares or C Shares.</p>

		<p><i>Performance Fee</i></p> <p>In respect of each Accounting Period, the Investment Adviser (or, where the Investment Adviser so directs, any member of the Investment Adviser’s Team) shall be entitled to receive a performance fee (the “Performance Fee”) equal to 10 per cent. of the Excess Total Return relating to that Accounting Period provided that the Performance Fee shall be capped such that the sum of the Advisory Fee and the Performance Fee paid in respect of that Accounting Period is no more than 5 per cent. of the Net Asset Value at the end of that Accounting Period.</p> <p>In summary, the Excess Total Return for an Accounting Period is calculated by reference to: (i) the difference between the Performance Share Price at the end of that Accounting Period and the higher of: (a) the Performance Hurdle (being Issue Price compounded by 10 per cent per annum from Admission subject to appropriate adjustments in certain situations); and (b) High Watermark (being the Performance Share Price at the end of the last Accounting Period where a Performance Fee was payable); multiplied by (ii) the weighted average of the number of Shares in issue (excluding any Shares held in treasury) at the end of each day during that Accounting Period.</p> <p>For the purposes of calculating the Performance Fee:</p> <p>“Performance Share Price” means, in relation to each Accounting Period, the average of the middle market quotations of the Shares for the one month period ending on the last Business Day of that Accounting Period (which shall be adjusted as appropriate: (i) to include any dividend declared but not paid where the Shares are quoted ex such dividend at any time during that month; (ii) to exclude any dividend paid in respect of the Shares during that month; and (iii) for the PSP Adjustments); and</p> <p>“PSP Adjustments” means adjustments to the Performance Share Price to (i) include the gross amount of any dividends and/or distributions paid in respect of a Share since Admission; and (ii) make such adjustments to take account of C Shares as were agreed between the Company and the Investment Adviser, acting reasonably and in good faith, at the time of issuance of such C Shares.</p> <p>The amount of Performance Fee payable to the Investment Adviser shall be paid in the form of a combination of: (a) cash equal to all taxes or charges payable with respect to the Performance Fee by the Investment Adviser or member(s) of the Investment Adviser’s Team; and (b) Shares (“Performance Shares”) which are either issued by the Company where the Shares are on average trading at par or at a premium to the last reported NAV per Share at the relevant time or purchased from the secondary market where the Shares are on average trading at a discount to the last reported NAV per Share at the relevant time and transferred to, the Investment Adviser or member(s) of the Investment Adviser’s Team.</p> <p>On occasion the Company may pay the entire Performance Fee or a proportion thereof in cash instead of Performance Shares, to the extent necessary, if:</p> <p>(i) the Company is limited or prohibited from issuing or acquiring Shares by any Applicable Requirement;</p>
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		<p>(ii) to the extent that the acquisition of the Performance Shares would require the Investment Adviser or any member of the Investment Adviser's Team (individually or as a group) to make a mandatory bid under Rule 9 of the Takeover Code; or</p> <p>(iii) where applicable, the Company does not have authority to issue the relevant Shares on a non pre-emptive basis.</p> <p>The Performance Shares shall be subject to 18 month lock-up arrangements.</p> <p><i>Fees payable on termination</i></p> <p>In the event the Investment Advisory Agreement is terminated, the Investment Adviser shall be entitled to be paid in cash: (a) any accrued Advisory Fee up to the effective date of termination of the Investment Advisory Agreement (the "Termination Date"); (b) all accrued but unpaid Performance Fee in respect of any Accounting Period completed prior to the Termination Date; and (c) prompt reimbursement for all of its out of pocket expenses incurred in respect of the performances of its obligations thereunder up to the Termination Date.</p> <p>Where the Investment Advisory Agreement is terminated by the Company either without cause by notice or because it is required to do so by a regulatory authority (other than as a result of the Investment Adviser's malfeasance) or is terminated by the Investment Adviser for cause, the Investment Adviser is also entitled to be paid in cash: (a) a Performance Fee (if applicable) with respect to any ongoing but incomplete Accounting Period calculated as at the Termination Date; and (b) a one-time termination fee equal to one year's Advisory Fee calculated by reference to the Net Asset Value as at the Termination Date.</p> <p>In the event that the Investment Advisory Agreement is terminated by the Company without cause by notice or by the Investment Adviser for cause, the Investment Adviser shall also have an unconditional right (the "Call Option") exercisable at any time during the period of six months immediately following the Termination Date (the "Option Period") to purchase from the Company its portfolio of Songs (whether held directly or indirectly) as at the Termination Date (the "Termination Portfolio") by giving written notice to the Company (the "Option Notice") on the terms set out in the Investment Advisory Agreement at a purchase price which must be at the higher of:</p> <p>(i) the fair market value of the Termination Portfolio as at the date of service of the Option Notice as determined by an independent valuer;</p> <p>(ii) any price offered to any Fund Entity in good faith on an unsolicited basis by a credible third party together with evidence of availability of funds to meet the purchase price for the Termination Portfolio at arms' length basis at any time between the Termination Date and the date of service of the Option Notice; and</p> <p>(iii) the market capitalisation of the Company as at the date of service of the Option Notice (subject to adjustment to reflect the proportion of the Company's assets which is not represented by Songs).</p> <p>Fund Administrator</p> <p>Pursuant to the Administration Agreements: (i) Heritage International Fund Managers Limited has been appointed as Fund Administrator of the Company and Guernsey SubCo; and</p>
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		<p>(ii) Heritage Administration Services Limited has been appointed as administrator to UK SubCo. The Fund Administrator or Heritage Administration Services Limited (as applicable) are responsible for the day to day administration of the Fund Entities (including but not limited to the calculation and publication of the semi-annual NAV and the IFRS NAV) and general secretarial functions required by the Companies Law (including but not limited to maintenance of the Company's accounting and statutory records). For the purposes of the RCIS Rules, the Fund Administrator is the designated manager of the Company.</p> <p>Pursuant to the Administration Agreements, the Fund Administrator and Heritage Administration Services Limited will be entitled to an aggregate annual fee of £192,000 together with additional ad hoc fees in respect of certain additional services, such fees being payable monthly in arrear and subject to periodic review.</p> <p>Registrar</p> <p>Computershare Investor Services (Guernsey) Limited (a company incorporated in Guernsey on 3 September 2009 with registered number 50855) has been appointed as registrar to the Company pursuant to the Registrar Agreement. In such capacity, the Registrar will be responsible for the transfer and settlement of Shares held in certificated and uncertificated form. Under the terms of the Registrar Agreement, the Registrar is entitled to a fixed fee of £6,500 per annum, together with additional ad hoc fees in respect of additional out of scope services provided by the Registrar. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.</p> <p>Directors</p> <p>The Directors will be remunerated for their services at a fee of £35,000 per annum (£45,000 for the Chairman). The chairman of the Audit and Risk Management Committee will receive an additional £5,000 for his services in this role.</p> <p>Other operational expenses</p> <p>All other ongoing operational expenses of the Company (excluding fees paid to service providers as detailed above) will be borne by the Company including, without limitation, the incidental costs of making its investments and the implementation of its investment objective and policy; a retainer for legal services in connection with Song acquisitions as well as ongoing royalty/licensing issues and other legal services; travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual UKLA and LSE fees. All reasonably and properly incurred out of pocket expenses of the Investment Adviser (including travel expenses as specified in the Investment Advisory Agreement) and all other third party services providers relating to the Company will be borne by the Company.</p>
B41	Regulatory status of Investment Adviser	The Company is self-managed and does not have an investment manager. The Investment Adviser is not regulated by any regulatory body.
B42	Calculation of Net Asset Value	The Company intends to publish its operative Net Asset Value, as calculated in accordance with the process described below, on a semi-annual basis. This Net Asset Value will be calculated in Sterling and published by a RIS announcement and also published on the website of the Company. The Company also intends to

		<p>publish a quarterly factsheet on its website. Net Asset Values are expected to be published within 60 days of each semi-annual period end. The Company will also publish an IFRS NAV calculated in accordance with IFRS with the Company's annual report and accounts. The Net Asset Value and IFRS NAV will be audited annually, at the year end.</p> <p>Valuation methodologies</p> <p><i>Net Asset Value</i></p> <p>The Directors believe that the most meaningful NAV for investors will be one which is calculated so as to reflect a fair market value for the Company's Catalogues or Songs, but otherwise in accordance with IFRS. In determining this operative Net Asset Value, the Board will appoint an independent third party valuer to value each Catalogue or Song owned by the Company on a semi-annual basis. In preparing its valuation the Company's independent valuer will take into account a minimum of three years of historical revenues (normalised) earned by each Catalogue or Song, recent acquisition/bid prices for market transactions for comparable Catalogues, duration of the copyrights, quality of the Songs and other relevant factors as may be agreed between the Board and the Company's independent valuer from time to time.</p> <p><i>IFRS Net Asset Value</i></p> <p>Under IFRS, the Group will consolidate all of its subsidiaries and the value of the gross assets of the Group will be calculated by reference to amortised cost for the purchase of Catalogues and Songs. The Company will calculate the IFRS NAV by reference to the value of its gross assets from which all liabilities will be deducted (including accrued but unpaid fees) in accordance with the accounting policies adopted by the Board.</p>
B43	Cross liability	Not applicable. The Company is not an umbrella collective investment undertaking.
B44	No financial statements have been made up	The Company has not commenced operations and no financial statements have been made up as at the date of this Prospectus.
B45	Portfolio	<p>Not applicable. On Admission, the Company will not have acquired any Songs.</p> <p>The Investment Adviser has identified a number of Catalogues from well-known songwriters which are well suited to the Company's investment strategy. The Investment Adviser is undertaking due diligence on, or is in advanced discussions for the Company, subject to Board approval, to acquire, nine Catalogues. There can be no guarantee that the Company will be able to acquire these Catalogues, either on Admission or thereafter.</p> <p>The Board and the Investment Adviser believe suitable acquisition opportunities exist which would allow the Net Issue Proceeds to be deployed within 12 months following Admission. In the event that substantially all of the Net Issue Proceeds have not been invested within two years following Admission, the balance of the uninvested cash would be returned to Shareholders on such terms and in such manner as the Directors may determine and in accordance with the Articles and the Companies Law.</p>

B46	Net Asset Value	Not applicable. The Company has not commenced operations and so has no Net Asset Value as at the date of this Prospectus.
<i>Section C – Securities</i>		
Element	Disclosure requirement	Disclosure
C1	Type and class of securities	<p>The target size of the Issue is £200 million through the issue of 200 million Shares of no par value in the capital of the Company at an Issue Price of 100 pence each.</p> <p>The actual number of Shares to be issued pursuant to the Issue and, therefore, the Gross Issue Proceeds, is not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.</p> <p>The ISIN of the Shares is GG00BF03C303 and the SEDOL is BF03C30.</p> <p>The ticker of the Shares on the London Stock Exchange is SONG.</p> <p>Applications will be made to the UK Listing Authority for the Shares to be admitted to the premium equity closed-ended investment funds category of the Official List and to the London Stock Exchange for the Shares to be admitted to trading on the Premium Segment of the London Stock Exchange's Main Market.</p>
C2	Currency	Sterling
C3	Number of securities in issue	The issued ordinary share capital of the Company was one Share as at 31 May 2017, being the date of incorporation.
C4	Description of the rights attaching to the securities	<p><i>Voting</i></p> <p>Subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company.</p> <p><i>Variation of rights</i></p> <p>No variation of the rights attaching to the Shares shall be effective unless the consent of the holders of the Shares as a class has been obtained by way of special resolution.</p> <p><i>Dividends</i></p> <p>Holders of Shares are entitled to participate in any dividends and other distributions of the Company other than in relation to assets attributable to any class of C Share.</p> <p><i>Winding-up</i></p> <p>Upon a winding-up of the Company the assets available for distribution to a member shall, subject to the rights attaching to any class of Shares and the provisions of the Articles, be distributed according to the number of Shares held by that member.</p>
C5	Restrictions on the free transferability of the securities	<p>Subject to the Articles (and the restrictions on transfer contained therein), a Shareholder may transfer all or any of his Shares in any manner which is permitted by the Companies Law or in any other manner which is from time to time approved by the Board.</p> <p>Under the Articles, the Board may decline to transfer, convert or register a transfer of any Share in certificated form or uncertificated form (to the extent permitted by the Regulations) which is not fully paid or on which the Company has a lien, provided in the case of a</p>

		<p>listed or quoted share that this would not prevent dealings in the Shares from taking place on an open and proper basis on the London Stock Exchange. In addition, the Directors may refuse to register a transfer of Shares if:</p> <p>(a) it is in respect of more than one class of shares;</p> <p>(b) it is in favour of more than four joint transferees;</p> <p>(c) in relation to Shares in certificated form, having been delivered for registration to the office or such other place as the Directors may decide, it is not accompanied by the certificate for the Shares to which it relates and such other evidence as the Directors may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; or</p> <p>(d) the transfer is in favour of any Non-Qualified Holder.</p> <p>Under the Articles, a “Non-Qualified Holder” is defined as any person: (i) whose ownership of Shares may cause the Company’s assets to be deemed “plan assets” for the purpose of ERISA or purposes of the U.S. Tax Code; (ii) whose ownership of Shares may cause the Company to be required to register as an “investment company” under the U.S. Investment Company Act (including because the holder of the Shares is not a “qualified purchaser” as defined in the U.S. Investment Company Act); (iii) whose ownership of Shares may cause the Company to register under the U.S. Exchange Act, the U.S. Securities Act or any similar legislation; (iv) whose ownership of Shares may cause the Company not being considered a “foreign private issuer” as such term is defined in rule 3b-4(c) under the U.S. Exchange Act; (v) whose ownership of Shares may result in the Company losing or forfeiting or not being able to claim the benefit of any exemption under the United States Commodity Exchange Act or any substantially equivalent successor legislation or the rules of the CFTC or the National Futures Association or analogous legislation or regulation becoming subject to any unduly onerous filing, reporting or registration requirement; or (vi) whose ownership of Shares may cause the Company to be a “controlled foreign corporation” for the purposes of the U.S. Tax Code, or may cause the Company to suffer any pecuniary disadvantage (which will include any excise tax, penalties or liabilities under ERISA or the U.S. Tax Code including as a result of the Company’s failure to comply with FATCA as a result of a Non-Qualified Holder failing to provide information as requested by the Company in accordance with the Articles)</p>
C6	Admission	<p>Applications will be made for the Shares to be admitted to the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority and to be admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in the Shares which are the subject of the Issue will commence on 10 July 2017.</p>
C7	Dividend policy	<p>The Company’s target dividend yield is 6.5 per cent. per annum (based on the Issue Price) once substantially invested, and the Company expects to grow such dividend yield over time.¹ The Company’s target dividend yield for the first 12 months following Admission is 3.5 per cent. (based on the Issue Price) (the “Initial</p>

		<p>Target Dividend¹). The Company intends to pay interim quarterly dividends to Shareholders in November, February, May and August of each year with the first dividend expected to be paid in November 2017. Dividends will be subject to compliance with the solvency test prescribed by Guernsey law.</p> <p>The Directors will seek to maintain and grow the dividend over the long term and may offer Shareholders the opportunity to receive dividends in the form of scrip dividends.</p>
<i>Section D – Risks</i>		
Element	Disclosure requirement	Disclosure
D1	Key information on the key risks specific to the issuer or its industry	<ul style="list-style-type: none"> ● The Company’s Initial Target Dividend, target annual dividend rate and target total NAV return are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual dividend yield and total NAV return may be materially different to those targeted ● The market standard valuation method is to value Songs and Catalogues by reference to historic revenues generated. There can therefore be no guarantee that the valuation will be justified by reference to future revenues or that the Company will be able to realise the acquisition value upon a future sale ● The six-monthly Net Asset Value figures published by the Company will be estimates only based on historical revenues, which may be materially different from the actual reported results and figures appearing in the Company’s IFRS financial statements ● The Company is reliant on the expertise of the Investment Adviser and its key personnel to source and advise on potential Catalogues and to implement its investment strategy so as to meet the target dividend and target total NAV return ● The Company is reliant upon the provision of services to it by third party service providers, including in order to carry on its business and a failure by one or more service providers could materially disrupt the business of the Company or impact detrimentally on its investment performance ● The Company will, when acquiring Songs, inherit contractual relationships with certain portfolio administrators for a certain period of time, which the Investment Adviser may not regard as being as efficient or proactive as its preferred portfolio administrator ● Operational risks may disrupt the Investment Adviser’s businesses, or that of Kobalt or other portfolio administrators and service providers, which may result in losses or limit the Company’s growth ● The Investment Adviser’s and other service providers’ (such as Kobalt’s and other portfolio administrators’) information and technology systems may be vulnerable to cyber security breaches and there is a risk of identity theft

¹ The Initial Target Dividend, target dividend yield and target total NAV return are targets only and are not profit forecasts. There can be no guarantee that these targets will be met and they should not be taken as an indication of the Company’s expected or actual future results. Potential investors should decide for themselves whether or not these targets are reasonable or achievable in deciding whether to invest in the Company.

		<ul style="list-style-type: none"> ● The income earned by a Song, and by extension its value, may be substantially reduced where the reputation of any of its songwriters or a recording artist who performs the Song has become tarnished ● Actual royalty payments from a Song may be significantly less than expected. Royalty payments may be difficult to track or capture, or certain royalty payments made from certain jurisdictions may be made net of withholding tax, and, as such, there could be “leakage” ● Intellectual property and other legal protections may not adequately protect the Company’s interest in the Songs it owns ● Changes in the distribution policies and royalty splits set by the performance rights organisations (PROs) could affect the future revenues received by the Company ● Royalties are earned globally and paid in global currencies. The Shares are denominated in Sterling and therefore adverse currency movements may impact the Company’s ability to meet its dividend targets as they will only be paid in Sterling ● Despite the decline in piracy across the music industry, there remains the threat that new methods of piracy will be found and, if the Company (and more widely, the music industry) does not succeed in finding ways to protect its businesses against piracy and counterfeiting, the value of the Company’s Portfolio and the revenues from it may be adversely affected ● The commercial success of the Songs owned by the Company is dependent upon the public’s response, which may not always be predictable, the existence and success of competing entertainment offers and general economic circumstances ● The Company conducts its business in various markets throughout the world and is therefore subject to such risks as are associated with business being conducted on an international scale and, in particular, risks associated with emerging markets, notably piracy and infrastructural deficiencies preventing efficient royalty collection ● The Company and the other Fund Entities are reliant on streaming, or an equivalent technology which generates high royalty revenues, continuing to be popular for consumers ● DSPs may alter their current prices for consumers which could impact on the profitability of the Songs licensed to such DSPs ● A limited number of DSPs significantly influence the pricing structure for online music stores and therefore any pricing pressure may impact on the Company’s ability to deliver the target total NAV return ● The Company will be purchasing Songs which may be, or become, subject to intellectual property infringement claims. Such claims, if successful, could materially affect the value of a Song or the royalty payment due to the Company from that Song ● Whilst the Company is heavily reliant on the continuing presence and popularity of DSPs in order to access the
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		<p>consumer market, the business model of the DSPs are yet to be proven in the long term and no DSP has yet made a profit</p> <ul style="list-style-type: none"> ● Certain potential synchronisation fees may not be earned due to a failure to obtain the agreement of a co-songwriter ● The Investment Adviser will place reliance on the expertise of the Advisory Board and the music industry relationships of its members in order to source attractive investment opportunities and effectively manage the Portfolio ● The due diligence process that the Investment Adviser plans to undertake in evaluating Catalogues for the Company may not reveal all facts that may be relevant in connection with such investment opportunities and any mismanagement, fraud or accounting irregularities on the part of any seller of Catalogues, or their advisers, may materially affect the integrity of the Investment Adviser's due diligence on investment opportunities ● The Company may not be able to conclude the acquisition of some or all of the Catalogues that the Investment Adviser has identified as being well-suited to the Company's investment strategy ● If the Company becomes subject to any form of tax, on a net income basis, or if payments to the Company are subject to withholding tax (in either case beyond that envisaged by the Company as at the date of this prospectus) in any tax jurisdiction, including Guernsey, the United States and the United Kingdom, the Company's financial condition and prospects could be materially and adversely affected
D3	Key information on the key risks specific to the securities	<ul style="list-style-type: none"> ● The existence of a liquid market in the Shares cannot be guaranteed. Shares issued as part of the Performance Fee arrangements will be subject to lock-up arrangements which could further impact the liquidity of Shares ● There can be no guarantee that the Company will be able to buy back Shares where they are trading at a discount to their Net Asset Value ● Global capital markets have been experiencing volatility, disruption and instability. Material changes affecting global markets may have a negative effect on the Company's business, financial condition, results of operations and the market price of the Shares and the Company may be exposed to systemic risk as a result of the default of any financial institution ● The Company may issue additional securities that dilute the voting rights of existing holders of Shares and intends to seek a renewal of disapplication of pre-emption rights at the AGM of the Company to be held in 2022 (or, if earlier, 5 years from passing of the resolution disapplying such pre-emption rights) and at each subsequent AGM of the Company

Section E – Offer

Element	Disclosure requirement	Disclosure
E1	Net proceeds and costs of the Issue	<p>The target size of the Issue is £200 million through the issue of 200 million Shares at an Issue Price of 100 pence per Share. The target Issue size should not be taken as an indication of the number of Shares that will be issued. The actual number of Shares to be issued pursuant to the Issue and, therefore, the Gross Issue Proceeds, is not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.</p> <p>The costs and expenses of the Issue to be borne by the Company are fixed at 2 per cent. of the Gross Issue Proceeds.</p> <p>These costs and expenses will be paid on Admission and will include, without limitation, placing fees and commissions; registration, listing and admission fees; printing, advertising and distribution costs; legal fees, and any other applicable expenses.</p> <p>On the assumption that the Company achieves its target issue of £200 million, and given that the initial expenses of the Issue to be borne by the Company will be fixed at an amount equal to 2 per cent. of the Gross Issue Proceeds, the Net Issue Proceeds and the NAV of the Company immediately following Admission will be £196 million and the NAV per Share will be 98 pence.</p>
E2a	Reasons for the offer and use of proceeds	<p>The Company's objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in Songs and associated musical intellectual property rights, in accordance with its Investment Policy. The Net Issue Proceeds will be invested in accordance with the Investment Policy. The Company will invest in a Portfolio of Songs and associated musical intellectual property rights and will seek to acquire 100 per cent. of a songwriter's copyright interest in each Song, which would comprise their writer's share, their publisher's share and their performance rights.</p>
E3	Terms and conditions of the offer	<p><i>The Issue</i></p> <p>The Issue comprises a Placing and Offer for Subscription for a target issue of £200 million comprising 200 million Shares to be issued at an Issue Price of 100 pence each.</p> <p>The Issue will not proceed if the Gross Issue Proceeds would be less than £100 million (or such lesser amount as the Company and Cenkos may determine and notify to investors via a supplementary prospectus). The Issue may also be revoked by the Company if Admission does not occur by 8.00 a.m. on 10 July 2017 (or such other date as the Company and Cenkos may agree, being not later than 31 August 2017, or, if earlier, on the date on which the Placing and/or the Offer ceases to be capable of becoming unconditional. If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.</p> <p><i>The Placing</i></p> <p>The Company, the Investment Adviser and Cenkos have entered into the Placing Agreement, pursuant to which Cenkos has agreed, subject to certain conditions, to use its reasonable endeavours to</p>

		<p>procure subscribers for the Shares made available in the Placing. The Terms and Conditions of the Placing are set out in Part X (<i>Terms and Conditions of the Placing</i>) of this document.</p> <p>The latest time and date for receipt of placing commitments under the Placing is 3.00 p.m. on 5 July 2017.</p> <p><i>The Offer for Subscription</i></p> <p>Shares to be issued at a price of 100 pence each are available to the public under the Offer for Subscription. The Offer for Subscription is only being made in the UK. The terms and conditions of application under the Offer for Subscription are set out in Part IX (<i>Terms and Conditions of the Offer for Subscription</i>) of this Prospectus. An Application Form is set out at the end of this Prospectus. The terms and conditions should be read carefully before an application is made. Investors should consult their respective stockbroker, bank manager, solicitor, accountant or other financial adviser if they are in doubt about the contents of this Prospectus.</p> <p>The latest time and date for receipt of Application Forms under the Offer is 11.00 a.m. on 5 July 2017.</p> <p>Applications under the Offer for Subscription must be for a minimum subscription amount of £1,000 and thereafter in multiples of £100.</p> <p>All applications for Shares under the Offer for Subscription will be payable in full, in Sterling, by a cheque or banker's draft drawn on a UK clearing bank, by electronic bank transfer or by CREST settlement. Applications may be rejected in whole or in part at the sole discretion of the Company.</p> <p>For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 5 July 2017. Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to Computershare's participant account 8RA22 by no later than 1.00 p.m. on 7 July 2017.</p>
E4	Material interests	Not applicable. No interest is material to the Issue.
E5	Name of person selling securities Lock-up arrangements, the parties involved and indication of the period of the lock-up	<p>Not applicable. There are no selling entities and no lock-up arrangements.</p> <p>Under the terms of the Investment Advisory Agreement, the Investment Adviser is entitled to receive Performance Shares, which will be subject to lock-up arrangements for 18 months from the date of issue, subject to certain restrictions and exemptions which are customary in the circumstances.</p>
E6	Dilution	Not applicable. This is an initial offering.
E7	Expenses charged to the investor	<p>The Company will not charge investors any separate costs and expenses in connection with the Issue. The costs and expenses of the Issue to be borne by the Company are fixed at an amount equal to 2 per cent. of the Gross Issue Proceeds.</p> <p>The costs and expenses of the Issue payable by the Company will be £4 million on the basis of Gross Issue Proceeds of £200 million.</p>

RISK FACTORS

An investment in the Shares carries a number of risks, including the risk that the entire investment may be lost. In addition to all other information set out in this Prospectus, the following factors should be considered when deciding whether to make an investment in the Shares. The risks set out below are those which are considered to be the material risks relating to an investment in the Shares but are not the only risks relating to the Shares or the Company. No guarantee can be given that Shareholders will realise a profit on, or recover the value of, their investment in the Shares. It should be remembered that the price of Shares and the income from them can go down as well as up.

Prospective investors should note that the risks relating to the Company, its Investment Policy and strategy and the Shares summarised in the section of this Prospectus headed "Summary" are the risks that the Directors believe to be the most essential to an assessment by a prospective investor of whether to consider an investment in the Shares. However, as the risks which the Company faces relate to events and depend on circumstances that may or may not occur in the future, prospective investors should consider not only the information on the key risks summarised in the section of this Prospectus headed "Summary" but also, among other things, the risks and uncertainties described in this "Risk Factors" section of this Prospectus. Additional risks and uncertainties not currently known to the Company or the Directors or that the Company or the Directors consider to be immaterial as at the date of this Prospectus may also have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares.

Typical investors in the Company are expected to be institutional investors, professionally-advised private investors and highly knowledgeable investors who understand and are capable of evaluating the risks of such an investment.

The Shares are only suitable for investors who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company, for whom an investment in Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment.

Potential investors in the Shares should review this Prospectus carefully and in its entirety and consult with their professional advisers prior to making an application to subscribe for Shares.

RISKS RELATING TO THE COMPANY

The Company is a newly formed company incorporated under the laws of Guernsey with no operating history and no revenues, and investors have no basis on which to evaluate the Company's ability to achieve its investment objective

The Company is a newly formed company with no operating history, and it will not commence operations until obtaining funding through the Issue. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve its investment objective and the target total NAV return and provide a satisfactory investment return.

The Company's returns and operating cash flows will depend on many factors. Such factors include, but are not limited to, the price of its investments, the ability to earn royalty income, the availability and liquidity of investment opportunities falling within the Company's investment objective and policy, and the Company's ability to successfully operate its business and execute its investment strategy. There can be no guarantee that the Company's investment strategy will be successful.

The Company's Initial Target Dividend, target annual dividend rate and target total NAV return are based on estimates and assumptions that are inherently subject to significant business and economic uncertainties and contingencies, and the actual dividend yield and total NAV return may be materially different to those targeted

The Company's Initial Target Dividend, target annual dividend rate and target total NAV return set forth in this Prospectus are targets only and are based on financial projections that are themselves based on estimates and assumptions which depend on a variety of factors including, without limitation, availability of investment opportunities, the price and performance of the Company's investments, the ability to earn royalty income, the mix of investments in the Portfolio, the availability of sale and purchase opportunities in respect of Songs and the Catalogues of which they form part, changes in current market conditions, government regulations or other policies, the

worldwide economic environment, changes in law and taxation, failures in technology, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this Prospectus. These factors involve a significant element of subjective judgment which may be proved incorrect and are inherently subject to significant business, economic and market uncertainties and contingencies, all of which are beyond the Company's control and which may adversely affect the Company's ability to achieve its targets. The Company's targets are based on current market conditions and economic environment and the assumption that the Company will be able to implement its Investment Policy and strategy successfully, and are therefore subject to change. There is no guarantee or assurance that the Initial Target Dividend, target dividend and target total NAV return can be achieved at or near the level set forth in this Prospectus and the actual rates of return achieved may be materially lower than the targets, or may result in a loss. A failure to achieve the Initial Target Dividend, target dividend or target total NAV return set forth in this Prospectus may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The Company is reliant upon the provision of services to it by third party service providers, including in order to carry on its business and a failure by one or more service providers could materially disrupt the business of the Company or impact detrimentally on its investment performance

The Company has no employees and the Directors have all been appointed on a non-executive basis. Certain of the Investment Adviser's personnel may, however, be seconded to the Company or its subsidiary companies from time to time. The Company and its subsidiary companies are, therefore, reliant upon the performance of third party service providers and/or secondees for the performance of certain functions. In particular, the Investment Adviser, royalty collection agents and portfolio administrators (including Kobalt), will be performing services which are key to the successful achievement of the Company's investment objective while the Fund Administrator and Registrar will be performing services which are integral to the successful operation of the Company. Failure by any service provider (and in particular the Investment Adviser, the royalty collection agents, portfolio administrators (including Kobalt), the Fund Administrator and Registrar) to carry out its obligations to the Company in accordance with the terms of its appointment with due care and skill or at all could potentially have a detrimental impact on the operation of the Company and could in certain circumstances affect the ability of the Company to meet its investment objective. Further, third party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting the Company's business, prospects or future marketing activities.

The Company has entered into contracts with each of its current service providers, including the Investment Adviser, Kobalt, the Fund Administrator and the Registrar and will enter into contracts with other royalty collection agents or portfolio administrators where appropriate. These contracts contain terms intended to encourage compliance with obligations. In addition, the Company has put in place financial reporting procedures to mitigate the risks set out above. In the event that it is necessary for the Company to replace any third party service provider it may be that the transition process takes time and increases costs, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The Company will, when acquiring Songs, inherit contractual relationships with certain portfolio administrators for a certain period of time, which the Investment Adviser may not regard as being as efficient or proactive as its preferred portfolio administrator

The Company currently intends that its entire Portfolio will, in due course, be administered by Kobalt (the Company's preferred portfolio administrator), with the transition from other portfolio administrators to Kobalt to be completed as soon as is practicable. The Investment Adviser believes that Kobalt currently provides an innovative, efficient model for collection of royalties, which could result in an uplift in revenues a Song may generate as compared with the revenues from the methods currently deployed in relation to Songs administered among the major music publishers or other portfolio administrators.

The sellers of certain Songs may, however, have entered into portfolio administrator agreements with portfolio administrators other than Kobalt. Following its acquisition of particular Songs, the Company may not be able to terminate these relationships and move the relevant Songs across to Kobalt for a period of time.

If the incumbent royalty collection agents or portfolio administrators are not as effective in collecting royalties as the Investment Adviser believes Kobalt will be, the Company may not be able to realise as much revenues as it had forecast until such time as it can terminate the existing arrangement, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders. Additionally, the existing relationship may not be structured in the same way as the Company's intended relationship with Kobalt, which could have adverse implications from a tax perspective. Kobalt and the Company will, to the extent commercially possible, attempt to renegotiate the terms of any such arrangements with the incumbent portfolio administrators, but the Investment Adviser may not be successful in securing more favourable arrangements for the Company. The Investment Adviser will in any event pro-actively manage the relationship with the incumbent portfolio administrator in order to increase the efficiency of royalty collection.

The Company will be liable to pay certain expenses regardless of whether it makes any profits

Following completion of the Issue, the Company will seek to invest all of its cash (net of short-term working capital requirements) in accordance with its Investment Policy. The Company's income from its investments is expected to provide sufficient cash to support ongoing operational and other incidental expenses. The Company will however pay certain expenses, including but not limited to the Investment Adviser's fees, fees to Kobalt and other portfolio administrators, the Fund Administrator's fee and other execution costs (including any abort costs relating to the potential acquisition of a Catalogue or Song), whether or not it makes any profits. If sufficient cash is not earned to meet such expenses, investments may have to be sold by the Company at times when the Company might not otherwise wish to sell them, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

There may be circumstances in which a Director has a conflict of interests

There may be circumstances in which a Director has, directly or indirectly, a material interest in a transaction being considered by the Company or a conflict of interest with the Company. Any of the Directors and/or any person connected with them may, from time to time, act as a director or employee of, or invest in, or be otherwise involved with: (i) other investment vehicles that have investment objectives and policies similar to those of the Company; or (ii) entities or other vehicles that are the subject of transactions with the Company, subject, in both cases and at all times, to the provisions governing such conflicts of interest, both in law and in the Articles. Failure to disclose such conflicts could have an adverse impact on the investment decisions made by the Board, which could have a material adverse effect on the Company's financial condition and results, and consequently the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The Company's investments will be subject to various political and economic risks

The Company will be subject to various risks incidental to investing. Factors affecting economic conditions, including, for example, currency devaluation, exchange rate fluctuations, competition, domestic, transnational, international and worldwide political, military and diplomatic events and trends and innumerable other factors, none of which will be under the control of the Company, may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The six-monthly Net Asset Value figures published by the Company will be estimates only based on historical revenues, which may be materially different from the actual reported results and figures appearing in the Company's IFRS financial statements

Some or all of the Company's investments may be difficult to value. The valuations used to calculate the Net Asset Value will be based on an industry standard valuation method, which is based on the historical revenues of a Song, to which a multiple is applied. Such a multiple is determined by reference to multiples adopted in equivalent acquisitions in the current market, although multiples are not disclosed for all acquisitions. Consequently, determining a precise multiple is not always possible. It should be noted that the six-monthly Net Asset Value figures are likely to vary (in some cases materially) from the IFRS NAV figures published in the Company's financial statements (as the figures will be calculated in accordance with different valuation methodologies) and that the valuations, and any Net Asset Value figure derived from them, may vary (in some cases materially) from realised or realisable values. The Net Asset Value figures issued by the Company should be regarded as indicative only as the actual, realisable Net Asset Value per Share may be materially different.

The Company intends to publish semi-annual Net Asset Value figures in Sterling, whereas the revenues generated from its assets may be received in other currencies (as well as in Sterling). The Company is expected to convert the majority of overseas currency receipts into Sterling by agreeing to currency exchange arrangements with portfolio administrators, or otherwise itself undertaking foreign exchange conversions.

RISKS RELATING TO THE MUSIC INDUSTRY

Risks associated with piracy and counterfeiting

In recent years, the reduction in the cost of computer and electronic equipment and associated technologies has facilitated the unauthorised reproduction of music. At the same time, increased access to high-speed internet connections has enabled, and continues to enable, computer users to share such works more easily (and in greater number), without the copyright owner's authorisation and without paying royalties.

The advent of authorised commercial digital service providers ("DSPs") has rendered the unauthorised or pirated reproduction of music uneconomic, but due to increasing competition in the market, DSPs can perpetuate piracy by entering into exclusivity or "windowing" arrangements with a recording artist (where the DSP in question has exclusive access to the material before it is expanded to a wider release). DSPs have also steadily limited the functionality and accessible content on their free tier services as they have moved content to their premium service and increased the price of premium access. This behaviour may drive people who ordinarily would pay for music to turn to piracy and may also damage fans' perception of the recording artist, deterring them from making future purchases. To counteract this trend, large music labels often prohibit recording artists from entering into exclusivity or windowing arrangements, although a risk remains that major recording artists may continue to broker deals with DSPs against the wishes of the label.

The Company is dependent on the decisions of public or administrative authorities and their determination to find effective means to fight piracy. Persistent difficulties in passing and applying suitable legislation or in enforcing court rulings, particularly in certain regions of the world where piracy is endemic, constitute a threat to the Company's business, which depends heavily on the intellectual property rights owned by or licensed to the Company and their enforceability.

Despite the decline in piracy across the music industry, there remains the threat that pirates will invent new methods of piracy and, if the Company (and, more widely, the music industry) does not succeed in finding ways to protect its businesses against piracy and counterfeiting, that may have a material adverse effect on the Company's financial condition, business, prospects and results of operations (including revenues received from such Songs) and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Risks associated with the lack of commercial success of individual Songs

The commercial success of a Song is dependent upon the public's response to it, which may not always be predictable, the existence and success of competing entertainment offerings and general economic circumstances. Consequently, a Song may not prove to be as popular, or as commercially successful, as had been forecast at the time of acquisition. Whilst the Company

intends primarily to acquire Catalogues containing evergreen Songs from established recording artists and will carry out substantial due diligence on each Catalogue (including on the historic revenues of each Song), there can be no guarantee that the historic performance of a Song will continue in the future. In the event that a Song is not as commercially successful as had been forecast at the time of its acquisition, this may have a material adverse effect on the Company's financial condition, business, prospects and results of operations (including revenues received from such Songs) and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The music industry is highly innovative and new technology is constantly being introduced

The Company and the other Fund Entities will be heavily reliant on streaming, or an equivalent technology which generates high volumes and rates of royalty revenues for songwriters, continuing to be popular with consumers. Historically the music industry has been shown to be especially innovative, with new technology causing changes in consumer demand and experience. Whilst it is possible that new technology may reduce non-synchronisation related royalty revenues, it is also possible that technological advances would lead to a growth in royalties as consumers' access to music continues to improve. Nevertheless, innovation which negatively impacts the Company's income may, consequently, have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

DSPs may alter their current prices for consumers which could impact on the profitability of the Songs licensed to such DSPs

The Company will be heavily reliant on DSPs maintaining a consistent customer base, who continually access large volumes of music. The DSPs may alienate their customers, in turn reducing their customer base, by increasing prices or decreasing the selection of music available on a DSP's platform. Conversely, the DSPs may reduce or waive their prices for some or all consumers, which could impact on the amount of royalties that are passed on to the copyright owners.

In addition, DSPs may reduce the royalty rates received by songwriters and owners of associated musical intellectual property rights. Consequently, any change by the DSPs to their current pricing structure or royalty rates could have a material effect on the business of the Company as, in either case, the Company could receive less music royalty revenues than it expects based on the current pricing structure and royalty rates. This may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

A limited number of DSPs significantly influence the pricing structure for online music stores

The Company expects its Portfolio to generate revenues from a diverse range of sources, through mechanical royalties, performance royalties and synchronisation fees. The Songs in the Portfolio will, typically, be available across multiple digital streaming music services. As the popularity of one or more DSP increases, the Company may become more exposed to the performance of that DSP, or the terms and conditions imposed by such DSP (for example, royalty rates payable to songwriters). Any adverse action taken by, or occurring to, that DSP may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The streaming business model is yet to be proven in the long term and the streaming market is vulnerable to online domination by one DSP, such as Spotify

The Company will be heavily reliant on the continuing presence and popularity of DSPs in order to maximise access to the consumer market. However, the business models of DSPs are yet to be proven in the long term and no DSP has yet made a profit.

The sustainability of DSPs remains unknown with the high cost of music royalty payments and licensing accounting for the majority of the costs, which has led to friction between songwriters and music publishers and the DSPs in relation to the amount of royalty payments. DSPs may insist on reducing royalty payments or, alternatively, increasing the size and price of the premium content

which may, in turn, deter customers and encourage piracy and alternative forms of consumer consumption, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Given that the streaming industry is relatively new, it remains vulnerable to the potential that one DSP, such as Spotify, will dominate the market in the near future. This could result in that DSP using its leverage to reduce royalty rates or royalty collection practices in a manner which is detrimental to copyright owners, songwriters and publishers. Whilst the Company, through its relationship with its preferred performance rights organisations, will lobby (and encourage other stakeholders to lobby) the industry to guard against this potential risk, there is no guarantee that such lobbying would be successful. If a dominant DSP is successful in adversely altering royalty collection practices, or reducing royalty rates, then this may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The Company will be heavily reliant on consumers streaming music at a consistently high volume as streaming royalty payments are more variable than royalty payments received for downloads. For downloads royalty payments are a fixed sum or percentage, whereas streaming royalty payments are variable. If the consumer volume drops significantly due to consumers becoming disillusioned with the novelty of streaming, this will affect the revenues received from the Portfolio and may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Changes in the distribution policies and royalty splits set by the performance rights organisations (PROs) could affect the future revenues received by the Company

Performance rights organisations represent the rights and interests of publishers and songwriters. They collect royalties, create collection policies and set royalty rates for the use of music copyrights. There are over 120 PROs around the world and most of them have agreements and frameworks in place with each other. Should PROs alter the way that they collect royalties, or set lower royalty rates, the Company may receive significantly reduced revenues compared to the level it had forecast at the time of acquiring the relevant Catalogues or Songs. Membership of the PROs predominantly comprises songwriters and publishers. Historically, the major music publishers represented a significant proportion of the membership of PROs, and therefore controlled a significant percentage of any votes of such PROs. Accordingly, the governance of the PRO is capable of being influenced or directed by the major music publishers and minority stakeholders, such as the Company, may be forced to follow royalty collection practices which do not favour it as much as they favour the major music publishers.

The Company intends that its Portfolio will be managed by its preferred PROs and it will participate in lobbying activities in respect of each PRO, and seek to have direct or indirect representation in the governance of each PRO. There can, however, be no guarantee that the Company will be successful in its efforts to ensure that either: (i) adverse governance changes, or a reduction in royalty rates; or (ii) decisions that disproportionately favour major music publishers over the interests of the Company, will not be implemented by the relevant PRO in future. Any such adverse change at the PRO level may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Intellectual property infringement claims

The Company will be purchasing Songs which may be, or may become, subject to intellectual property infringement claims. Whilst such claims are rare in the music industry, if such a claim does arise, or is threatened, the Company may be forced to spend considerable time and expense defending such claims, which can be expected to affect the performance of the Portfolio.

To reduce its exposure to this risk, the Company's investment strategy, outlined in Part III (*Market Background, Investment Strategy and Approach*) of this Prospectus, is designed so that the Company will acquire Songs that are proven and, as such, have had a high profile for an extended

period of time. Since, in general, most infringement cases occur when a Song is first released, most claims against the investments are therefore barred by the relevant Statute of Limitation. Any potential intellectual property infringement against any of the Songs will be pursued vigorously by the Company.

To further mitigate the potential impact of any claims, the Company will seek to be indemnified by the songwriter or the owner of the associated music intellectual property rights from whom it acquires Songs for any compensation and/or legal costs incurred as a result of a claim. However, in order to enable revenues to continue to be generated on a disputed Song, and depending on the contractual relationship the Company has with the relevant portfolio administrator, a portfolio administrator may place the accrued revenues in relation to the disputed Song in a “dispute account” for the duration of the dispute. The accrued revenues will be paid out once the dispute has been settled, in such proportions as determined by the settlement agreement or judgment relating to the dispute. This process is likely to delay the receipt by the Company of any revenues due in respect of that Song and, in the event that the dispute is not settled in favour of the Company, the revenues received by the Company may be less than had been forecast at the time of acquisition of the Song. This may have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and consequently, the Company’s NAV and/or the market price of the Shares, and the Company’s ability to deliver the target total NAV return to Shareholders.

Growth of other products that compete for the disposable income of consumers

The Company’s investments are typically perceived as non-essential purchases by the general public. If events outside the Company’s control cause the general consumer’s disposable income to decrease, or if there is increased competition in the non-essential goods and services sector, the rates charged for premium music access and its music royalty revenues received as a consequence, may decrease, which may have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s NAV and/or the market price of the Shares, and the Company’s ability to deliver the target total NAV return to Shareholders.

Conducting operations in certain countries is subject to additional risks

The Company will conduct its business in various countries throughout the world. The main risks associated with business being conducted on an international scale are as follows:

- the local economic and political situation;
- exchange rate fluctuations;
- restrictions on capital or income repatriation;
- unexpected changes in the regulatory environment;
- tax systems that may have an adverse effect on the Company’s operating results or cash flow, and in particular regulations relating to transfer costs and the withholding tax on the repatriation of capital or income; and
- tariff barriers, customs duties, export controls and other trade barriers.

Adverse changes in any of the above may have an adverse effect on the Company’s ability to repatriate the relevant income streams, which would in turn have an adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Company’s NAV and/or the market price of the Shares, and the Company’s ability to deliver the target total NAV return to Shareholders.

In addition to the above, the Portfolio will also have exposure to emerging markets and the Company will therefore be susceptible to risks associated with making investments in emerging markets in general, notably piracy and infrastructural deficiencies. Potential infrastructural deficiencies include, for example, less developed or less rigorously enforced royalty collection practices and this may impact the Company’s ability to efficiently collect royalties from jurisdictions in which such deficiencies exist.

Furthermore, the Company’s ability to enforce its intellectual property rights in emerging markets is subject to the efficiencies of the local legal regime and local courts. For more information prospective investors should refer to the risk factor entitled “*Intellectual property and other legal protections may not adequately protect the Company’s interest in the Songs it owns*”.

The Investment Adviser will actively pursue and place pressure on portfolio administrators that the Investment Adviser believes are not achieving the desired returns, so as to recoup as much of the accrued royalties as possible, and will seek to reflect any exposure to emerging markets in the purchase price of the relevant Catalogue.

Despite these efforts, piracy and poor infrastructure in emerging markets may reduce the royalty revenues for the Company, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

RISKS RELATING TO THE INVESTMENT ADVISER

The Company and the other Fund Entities are reliant on the expertise of the Investment Adviser and its key personnel to source and advise on potential Catalogues and to implement the Company's investment strategy so as to meet the target dividend and target total NAV return

Although the ultimate responsibility for making strategic investment decisions rests with the Directors, the Investment Adviser is responsible for sourcing and evaluating potential Catalogues for the Directors to consider, and advising the Directors in relation to the acquisition, exploitation and disposal of Catalogues or Songs, together with seeking to generate additional income opportunities. The Company does not have employees and its Directors are appointed on a non-executive basis. Accordingly, the Company and other Fund Entities will be heavily reliant upon, and its success will depend to a significant extent on, the Investment Adviser and its personnel, services and resources. Certain of the Investment Adviser's personnel may be seconded to the Company or its subsidiary companies from time to time.

The Investment Adviser is a newly formed company with no operating history or track record. As the Investment Adviser lacks an operating history, investors have no basis on which to evaluate the Investment Adviser's ability to source Catalogues at attractive prices, or manage Catalogues or Songs acquired on an ongoing basis in an efficient manner, other than by reference to the experience of the Investment Adviser's Team and its Advisory Board, as disclosed in more detail in Part IV (*Investment Adviser*) of this Prospectus.

Further, the future ability of the Company to pursue its Investment Policy successfully may depend on the ability of the Investment Adviser to recruit and retain individuals of similar experience and calibre. Whilst the Investment Adviser has endeavoured to ensure that the principal members of its management team are suitably incentivised, the retention of key members of the team cannot be guaranteed. In the event of a departure of a key employee of the Investment Adviser, there is no guarantee that the Investment Adviser would be able to recruit a suitable replacement or that any delay in doing so would not adversely affect the performance of the Company.

The Company's strategy is resource and time intensive. Although the Investment Advisory Agreement requires the Key Person at the Investment Adviser to devote sufficient time to the affairs of the Investment Adviser to ensure it can comply with its obligations under the Investment Advisory Agreement, the Investment Adviser is not required to devote all of its time to advising the Company and may in future, subject to the restrictions contained in the Investment Advisory Agreement, manage or advise other entities from time to time. If the Investment Adviser is unable to ensure that the appropriate time or resources are allocated to the Company's investments, the Company may be unable to achieve its investment objective.

The Investment Adviser will place reliance on the expertise of the Advisory Board and the music industry relationships of its members to assist it to source attractive investment opportunities and subsequently manage the Company's Portfolio effectively but there can be no guarantee that the Songs acquired will perform in line with expectations at the time of purchase

The Investment Adviser will place reliance on the expertise of the Advisory Board assembled by the Investment Adviser to assist it to source attractive investment opportunities.

The Advisory Board assembled by the Investment Adviser includes successful names in the music industry in order to provide the Investment Adviser with the best possible set of expertise to assist it in acquiring and managing the Songs in the Portfolio. The composition of the Advisory Board will vary from time to time but, as at the date of this Prospectus, the Advisory Board includes award winning members of the recording artist, songwriter, publishing, legal, financial, recorded music and artist management communities, all with special knowledge of music publishing.

Nevertheless, there can be no guarantee that the Songs acquired will perform in line with expectations at the time of purchase and there remains a possibility that investments purchased on the advice of the Investment Adviser and the Advisory Board may provide substantially lower revenues than estimated. In addition, a member of the Advisory Board may have an interest in a Catalogue that the Investment Adviser has recommended the Company acquire. Whilst the Investment Adviser is obliged to disclose such interests to the Board under the terms of the Investment Advisory Agreement, the relevant member of the Advisory Board may not have fully disclosed such interest to the Investment Adviser.

The occurrence of any of the scenarios described above may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The Performance Fee is calculated by reference to the market capitalisation of the Company, which may be influenced by the NAV and the total NAV return, which will include unrealised Net Asset Value increases and may also create incentives for the Investment Adviser to recommend the acquisition of unproven Catalogues

The Performance Fee payable to the Investment Adviser may result in substantially higher payments to the Investment Adviser than would have arisen had alternative arrangements, sometimes found in other investment vehicles, been entered into instead. The Performance Fee is based on the market capitalisation of the Company at the relevant time, which may be influenced by the NAV and the total NAV return from time to time, which in turn may be determined by reference to unrealised gains in the value of the Portfolio that may never be realised. A proportion of the Performance Fee may be shared with members of the Advisory Board. Therefore, the existence of the Performance Fee may create an incentive for the Investment Adviser, or a member of the Advisory Board, to recommend the acquisition of riskier or unproven Catalogues than it would make in the absence of such a fee. It is intended that the Performance Fee be paid in Shares (as described in more detail in Part V (*Directors and Administration*) of this Prospectus), which should further disincentivise the Investment Adviser from recommending the acquisition of Catalogues that are not in the long-term interest of Shareholders.

The due diligence process that the Investment Adviser plans to undertake in evaluating Catalogues for the Company may not reveal all facts that may be relevant in connection with such investment opportunities and any mismanagement, fraud or accounting irregularities on the part of any seller of Catalogues, or their advisers, may materially affect the integrity of the Investment Adviser's due diligence on investment opportunities

When conducting due diligence and making an assessment regarding an investment, the Investment Adviser and the Company's legal and financial advisers will be required to rely on resources available to them, including internal sources of information as well as information provided by existing and potential sellers of Songs. The due diligence process may at times be required to rely on limited or incomplete information.

The Investment Adviser will select investment opportunities to be tabled to the Directors for their consideration in part on the basis of information and data relating to potential investments that has been made directly available to the Investment Adviser by the sellers. Although the Investment Adviser will evaluate all such information and data, and seek independent corroboration when it considers it appropriate and reasonably available, the Investment Adviser will not be in a position to confirm the completeness, genuineness or accuracy of such information and data. The Investment Adviser is dependent upon the integrity of the management of the sellers as regards such information and of such third parties.

Further, investment analysis and decisions by the Investment Adviser may be undertaken on an expedited basis in order to make it possible for the Company to take advantage of short-lived investment opportunities. In such cases, the available information at the time of an investment decision may be limited, inaccurate and/or incomplete. Furthermore, the Investment Adviser may not have sufficient time to evaluate fully such information even if it is available.

The value of the investments made by the Company may be affected by fraud, misrepresentation or omission on the part of the sellers of the Songs, by parties related to the sellers or by other parties. Such fraud, misrepresentation or omission may increase the likelihood of an intellectual property rights dispute relating to such Songs or may adversely affect the valuation of the Songs in

question or may adversely affect the Company's ability to enforce its contractual rights in relation to the investment.

Accordingly, due to a number of factors, the Company cannot guarantee that the due diligence investigation carried out by the Investment Adviser and the Company's legal and financial advisers with respect to any investment opportunity will reveal or highlight all relevant facts that may be necessary or helpful to the Directors in evaluating such investment opportunity. Any failure by the Investment Adviser to identify relevant facts through its due diligence process may cause it to recommend inappropriate investments for purchase, or recommend the purchase at a price which is not appropriate, and therefore lead the Directors to decide to acquire Songs which subsequently fail to perform in line with expectations, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Operational risks may disrupt the Investment Adviser's businesses, or that of Kobalt or other portfolio administrators and service providers, which may result in losses or limit the Company's growth

The Company relies heavily on the financial, accounting and other data processing systems of the Investment Adviser, Kobalt or other portfolio administrators and service providers, and any other third parties, with whom the Company conducts business. If any of these systems do not operate properly or are disabled, the Company could suffer financial loss or reputational damage. A disaster or a disruption in the infrastructure that supports the management of, or diligence processes relating to, the Songs, or a disruption involving electronic communications or other services used by the Investment Adviser, Kobalt or other portfolio administrators and service providers, and any other third parties, with whom the Company conducts business, could have a material adverse impact on the ability of the Company to continue to operate its business without interruption. The disaster recovery programmes used by the Investment Adviser, Kobalt or other portfolio administrators and service providers, and any other third parties, with whom the Company conducts business may not be sufficient to mitigate the harm that may result from such disaster or disruption. In addition, insurance and other safeguards might only partially reimburse the Company for its losses, if at all.

The Investment Adviser's and other service providers' (such as Kobalt's and other portfolio administrators') information and technology systems may be vulnerable to cyber security breaches and there is a risk of identity theft

The Investment Adviser's and other service providers' (such as Kobalt's and other portfolio administrators') information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorised persons and security breaches, usage errors by its professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although the Investment Adviser, and each of the third party service providers with whom the Company contracts, has implemented various measures to manage risks relating to these types of events, if the Investment Adviser's (or the relevant service provider's) information and technology systems are compromised, become inoperable for extended periods of time or cease to function properly, the Investment Adviser (or the relevant service provider) and/or the Company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Investment Adviser's (or the relevant service provider's) and/or the Company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the Investment Adviser's (or the relevant service provider's) and/or the Company's reputation, subject any such entity and their respective Affiliates to legal claims and otherwise affect their business and financial performance.

Litigation against the Investment Adviser or the Company may disrupt its investment strategy and growth

It is also possible that, from time to time, the Investment Adviser or the Company will be named as parties to litigation or become involved in regulatory inquiries, which could cause substantial reputational damage to the Investment Adviser or the Company or disrupt its investment strategy, business or potential growth and have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

RISKS RELATING TO THE INVESTMENT POLICY AND STRATEGY AND TO THE INVESTMENT PORTFOLIO AND THE PIPELINE CATALOGUES

The Company's financial projections may not be realised

The Company's financial projections are based on assumptions regarding the music industry, the availability of investment opportunities and certain investment-specific assumptions that may prove to be inconsistent with conditions in the future. These assumptions involve a significant element of subjective judgment and may be proved incorrect by post-investment changes in market conditions. In particular, the risks described in the section above entitled "*Risks relating to the music industry*" will apply to some or all of the Portfolio.

The Pipeline Catalogues and other Songs are difficult to value and Song valuations are subject to fluctuations

The Company is intending to acquire the Pipeline Catalogues shortly following Admission. The estimated fair value of the Catalogues to be acquired will be arrived at by an independent valuer following consideration with, and based on information from, the Investment Adviser, and the Company's financial and legal advisers. Given that the music industry market standard valuation method is to value Songs by reference to historic revenues, to which a multiplier is then applied (as is described in more detail in Part II (*Information on the Company*) of this Prospectus), Songs are difficult to value satisfactorily since the valuation method is inherently retrospective, in an industry which is undergoing rapid change affecting future revenues. This valuation approach may be modified in respect of more recently published Songs given that revenues in the early years of a Song's life may be significantly greater than those earned when such Song is more mature. In addition, comparable multipliers are not published for every acquisition in the music industry. Other factors affecting valuation are the fact that the popularity of Songs and recording artists is subjective, and often arbitrary, and the uncertainties surrounding the future of the music industry generally. There can therefore be no guarantee that the valuation on which: (i) the purchase price of the Pipeline Catalogues or other Songs; and (ii) the calculation of the Net Asset Value will be based, will not prove to have been overstated (when viewed retrospectively) and may vary (perhaps materially) from the realisable values of the Catalogues or Songs within them or change after the date of this Prospectus (or the date of the relevant Net Asset Value calculation) which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The market for acquiring Songs with strong historic and forecast future performance is highly competitive

Owners of music copyright face competitive threats both domestically and globally. The threats exist not only from other such owners, predominantly major music publishers, also acquiring music rights, but also from other recording artists and songwriters who create music which will be in direct competition with the music owned by the Company.

Competition may exist that the Company may not be aware of and which may adversely affect the Company's business. The market in which the Company operates is a competitive industry and there may be developments that the Company is not aware of that may compete with the Company's offering. The Investment Adviser believes, however, that the market experience, reputation and relationships of the Investment Adviser's Team and its Advisory Board should make the Company an attractive purchaser. However, the Company may not succeed in acquiring the Pipeline Catalogues or its preferred Songs from time to time due to the seller electing to sell to a different bidder or electing not to sell the Pipeline Catalogues or Songs at all. This may result in the Company being required to make a less favourable investment, or retaining cash for longer

than expected, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The Board and the Investment Adviser believe suitable acquisition opportunities exist which would allow the Net Issue Proceeds to be deployed within 12 months following Admission. In addition, the Board intends to return the balance of any uninvested cash to Shareholders if substantially all of the Net Issue Proceeds have not been invested within two years following Admission. There is a risk that, where Company does not succeed in acquiring the Pipeline Catalogues, or is unable to acquire such Pipeline Catalogues on a timely basis, the Company will be unable to deploy the Net Issue Proceeds within its expected timeframe and may be required to return cash to Shareholders. Should these scenarios materialise, the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders could be materially affected.

The Investment Adviser may not be able to conclude the acquisition of some or all of the Pipeline Catalogues that it has identified as being well-suited to the Company's investment strategy

The Investment Adviser has identified certain Catalogues which it believes are well-suited to the Company's investment strategy and which will, subject to completion of due diligence, negotiating an acceptable price and other terms of purchase and approval by the Board, be acquired by the Company on or shortly after Admission. There can, however, be no guarantee that the Company will be able to acquire these Pipeline Catalogues due to a range of factors such as a competitor offering a more attractive bid, or the Investment Adviser's due diligence identifying issues that could not be resolved. If the Company is not successful in acquiring such Catalogues for any reason, this may result in the Company being required to make a less favourable investment, or retaining cash for longer than expected. Additionally, in the event that the Company has not been able to invest substantially all of the Net Issue Proceeds within two years following Admission, the Company may also be required to return cash to Shareholders. If any of these scenarios materialise, they could have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Intellectual property and other legal protections may not adequately protect the Company's interest in the Songs it owns

In many cases, the obligation for a user of a Song to make a royalty payment to the Company, or the Company's ability to realise its investment in a particular Song, will depend on the Company's intellectual property rights in that Song being and remaining appropriately protected including by registration (where necessary), having appropriate arrangements with collecting societies and by the assertion of those rights directly against third parties and/or by some other method. The Company intends to enforce its intellectual property rights vigorously in the case of any unauthorised use or infringement of its rights relating to a Song but its success in so doing will be heavily dependent on the legal regime applicable to such claims in the jurisdiction where the unauthorised use or infringement takes place. Legal means can only afford limited protection and the Company cannot guarantee that any intellectual property rights will provide sufficient or adequate protection against infringement or circumvention by a third party. Furthermore, the fact that an intellectual property right is granted or issued does not guarantee that it will be valid or enforceable. The enforcement of intellectual property rights may also be subject to high costs and long time delays. In addition, the Company's interest in a Song may be the subject of a legal challenge from third parties. Such a challenge could come, for example, from another songwriter claiming to be the creator of the original work and, therefore, to be the party entitled to copyright protection, from an heir of the songwriter (notwithstanding that the songwriter or their estate may have validly assigned the rights to the Song) or from other third parties. The Company would expect to contest any such allegations vigorously, which may prove costly and time consuming. If any such challenge is successful the Company's entitlement to past and future royalty payments could be lost or reduced. These factors could impact the revenues the Company receives from its investment in a Song and, therefore, may have a material adverse effect on the Company's

financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

The potential returns from the Company's Portfolio of Songs may be lower than projected

A variety of factors, including lack of attractive investment opportunities, disputes relating to underlying intellectual property rights in relation to the Songs within the Portfolio, piracy, changes in the music industry (including the impact of music streaming, the availability of alternative platforms and DSPs and master rights owners failing to reach satisfactory licensing agreements), exchange rates, government regulations, the non-performance (or underperformance) of Songs within the Portfolio, faults or errors with technology used by the Company or its service providers, a decline in the pricing power of the relevant DSPs used by the Company, or the occurrence of risks described elsewhere in this Prospectus could adversely impact the Company's ability to achieve its investment objective and deliver the target total NAV return which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Although the Company generally expects to make its investments in such a way as to ensure, to the extent practicable, that taxation is minimised on the returns from those investments, some or all revenues earned by the Company may be subject to income or corporate tax liabilities (including withholdings) or VAT which cannot be reclaimed or credited by the Company. This may apply, for instance, as a result of taxation levied in the jurisdictions in which revenues are earned (or are otherwise connected), or as a result of tax authorities taking a different view to that of the Company in respect of the application of relevant tax laws to those investments. If applicable, such taxes may reduce the net returns on the Company's investments and consequently diminish the potential value of the Portfolio, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

There still exists a lack of transparency and lack of ability to audit information provided by DSPs

While certain portfolio administrators (in particular, Kobalt) have improved their transparency, and do allow songwriters greater visibility as to the royalties that should be received in respect of any given Song, it is true that the information provided by certain DSPs is not yet fully accurate, nor is it fully transparent. The Investment Adviser seeks to mitigate this risk by appointing portfolio administrators that, in its opinion, are pro-active in demanding payments from DSPs (either directly or indirectly through royalty collection agents). However, where the relevant DSP is not accounting for all royalties that are due in respect of a Song, the value of that Song could be adversely affected due to revenues being lower than expected. Consequently, this may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, or the Company's ability to deliver the target total NAV return to Shareholders.

The income earned by a Song, and by extension its value, may be substantially reduced where the reputation of any of its songwriters or a recording artist who performs the Song has become tarnished

The value originally attributed to a Song on acquisition or upon a subsequent revaluation will reflect the historic revenues from the Song and will be calculated as an amount representing a multiple of normalised earnings, the expectation being that such earnings would continue in future years. Albeit that there can be no guarantee as to the level of future revenues, the expectation would typically be that normalised annual revenues would not differ greatly year by year. There may, however, be circumstances involving impropriety in the personal life of the songwriter or a recording artist who successfully performed the Song, or other factors, which could materially adversely affect the popularity of a Song, and which could result in radio stations and other media refusing to play the Song for a period or indefinitely. Reputational damage is, however, typically only a risk when the songwriter is also the recording artist who performs the Song, as the recording artist is the public-facing element of the Song and therefore the most susceptible to the opinion of consumers and society. There is a possibility that the Company will acquire a Catalogue from a songwriter who is also the recording artist.

Nevertheless, reputational damage to a particular Song has been shown to have little to no effect on the long term success of the Song, with Chuck Berry, Merle Haggard and Lil Wayne being such examples. Furthermore, the Company intends primarily to acquire Catalogues containing evergreen Songs from established recording artists who are well-known to society. However, if a recording artist's or songwriter's reputation was damaged, resulting in a decrease in a Song's popularity, and such circumstances endured for a significant period of time, this could impact significantly the revenues the Company receives from the Song or the Portfolio and may, therefore, have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Actual royalty payments stemming from a Song may be significantly lower than expected; royalty payments may be difficult to track or capture, or certain royalty payments made from certain jurisdictions may be made net of withholding tax and, as such, there could be "leakage"

At any time the Company may experience reduced royalty payments as compared with those generated historically or the payments forecast at the time of acquiring the Song. Further, there could be a significant delay between when a royalty is triggered and when it is paid to the Company. As a consequence of receiving a lower annual income from such Songs, or not receiving such royalties in a timely manner, the potential resale value may be adversely affected, which in turn may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Income received by the Company is dependent on royalty entitlements being collected successfully, including from various DSPs. Any failure to capture all royalty payments, or "leakage", could result in the Company receiving a lower income than expected from the Portfolio, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders. Whilst the Company's preferred portfolio administrator, Kobalt, has robust systems in place to mitigate the risk of leakage, as further described in Part III (*Market Background, Investment Strategy and Approach*) of this Prospectus, there can be no guarantee that Kobalt or other portfolio administrators will be able to capture all royalty payments duly owed to the Company.

Certain potential synchronisation fees may not be earned due to a failure to obtain the agreement of any co-songwriter

Although the Company intends to acquire the entirety of a songwriter's interest in a Song, so as to be entitled to receive all royalties attributable to that interest, the exploitation of certain commercialisation opportunities for a Song may require the consent of co-songwriters (or of the seller if the terms of acquisition so provide) even if no other person has an interest in the songwriter's share which the Company has acquired. Should it not prove possible to obtain that consent, for example because of a particular sensitivity of another writer who may not wish the Song to be associated with a particular product or service, then that commercial opportunity may be lost. Dependent on the number of such occurrences and the amounts of potential synchronisation fees foregone, such situations may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Concentration in the Company's Portfolio may affect the Company's ability to achieve its investment objective

The Company's Investment Policy places no restriction on the Company in terms of the proportion of its Gross Assets which may be invested in the Songs of any one songwriter. The sole restriction is to limit the value of any single Song to 10 per cent. of Gross Assets as at the date of acquisition. While the investment limits in the Investment Policy have been set with regard to the nature of the music industry and the investment opportunities available to the Investment Adviser, it is possible that the Company's Portfolio may be significantly concentrated at any given point in time due to, for example, a sudden increase in revenues from any one Song or songwriter

following a surge in popularity of a particular Song (which could occur if a Song is covered by a popular recording artist or used in a popular television show, for example).

Concentration in the Company's Portfolio may increase certain risks to which the Company is subject, some or all of which may be related to events outside the Company's control. These would include risks around the popularity of Songs in the Portfolio, or of the recording artists who produce, record or perform such Songs, the geographical reach of the Songs in the Portfolio and any potential intellectual property disputes relating to all or part of any such Songs. Such increased concentration of the Company's assets could also result in greater losses to the Company in adverse market conditions than would have been the case with a less concentrated Portfolio. These factors may lead to greater volatility in the Company's investments and, consequently, may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

Shareholders may be exposed to currency risk

The Company's investments may be subject to foreign currency fluctuations between Sterling and any other currency in which income is earned by the Company, which may have an adverse effect on the performance of the Company. To counteract certain aspects of currency risk, the Company may request that the portfolio administrators effect conversion of other currencies into Sterling at spot exchange rates, or the Company may undertake foreign exchange conversions for itself following receipt from the relevant portfolio administrator or royalty collection agent. The Company may, therefore, be exposed to currency risk from arrangements with portfolio administrators or royalty collection agents, as well as synchronisation income from non-UK sources.

Hedging arrangements may be implemented on behalf of the Company only when suitable hedging contracts are available in a timely manner and on terms acceptable to the Board of Directors. To the extent that the Fund Administrator does not seek to hedge currency exposure or is unable to engage, or is unsuccessful, in hedging currency exposure, Shareholders will be subject to currency exchange fluctuations between Sterling and the local market currencies in which revenues are denominated. The Board does not, however, currently anticipate that it will implement, or arrange for the implementation of, any such hedging arrangements on behalf of the Company.

The use of derivatives and other instruments to reduce risk involves costs. Consequently, the use of hedging transactions might result in lower performance than if the Board of Directors had not sought to hedge exposure against foreign currency exchange risk.

There can be no guarantee that appropriate hedging transactions will be available to the Company or that any such hedging transactions will be successful in protecting against currency fluctuations or that the performance of the Shares will not be adversely affected by the currency exchange rate exposure. In addition, the Company may concentrate its hedging activities with one or a few counterparty(ies) and the Company is subject to the risk that a counterparty may fail to fulfil its obligations under a hedging contract. To the extent that a counterparty fails to fulfil its obligations, the Company could suffer loss.

Risks associated with leverage

The Company may utilise borrowings for working capital, interest rate hedging purposes, and for short-term bridging purposes to finance the acquisition of Songs. Pursuant to its Investment Policy and the terms of the Investment Advisory Agreement, it is intended that the Company may borrow an aggregate amount equivalent to 20 per cent. of Net Asset Value, calculated at the time of drawdown. While such leverage provides flexibility and presents opportunities for increasing total NAV return, it can also have the opposite effect of increasing losses. Whilst the Company's leverage is intended to be short term and is not structural in nature, if the income and returns on the Songs acquired with borrowed funds are less than the costs of the leverage, the Net Asset Value will decrease. The effect of the use of leverage, even where taken out for working capital, for bridging or for interest rate hedging purposes, is to increase the Company's investment exposure, the result of which is that, in a market that moves adversely, the possible resulting loss to Shareholders' capital would be greater than if leverage was not used.

The Company may have investments for which no liquid market exists due primarily to lack of demand

The Company does not intend to dispose of its Songs but, in the event that this was considered desirable by the Board, then the Company may be subject to liquidity risk, which includes the risk of the Company's failure to realise investments in a timely manner at a reasonable price. The Company may invest in Songs for which no liquid market exists. The market prices for Songs or Catalogues may be volatile and the Company may not be able to realise investments when it desires to do so or to realise what it perceives to be their fair value.

In certain circumstances, the Company may acquire Songs by acquiring an interest in an entity which owns the relevant Song

Where the owner of a Song is a company rather than an individual, as would typically be the case, the Company may, as part of the commercial negotiations, acquire an interest in the entity which holds the relevant Song, rather than acquiring the Song directly. The Board expects that the Company's exposure to such Song holding entities will, at all times, be limited and would, in any event, represent a 100 per cent. equity ownership interest. Nevertheless, the value of such holding entities may be influenced by a variety of factors, such as the ongoing costs and administration of such holding entity or any historic creditors, which were not revealed as part of the diligence process, that are entitled to be repaid in full before distributions can be made to its equity holders in the event of an insolvency, liquidation, dissolution, reorganisation or bankruptcy of the holding entity. In such an event the Company may not be able to realise any value for its holdings in such entities.

If interest rates were to rise, the Company would be subject to the risk that the target yield would become less attractive to investors relative to other investments

The Company's investments are subject to interest rate risk in as much as the value of higher yielding assets will tend to fall as interest rates rise and vice versa. Interest rates are highly sensitive to factors beyond the Company's control, including, among others, governmental monetary and tax policies and domestic and international economic and political conditions. It may therefore be the case that, as interest rates rise, the impact on the Company would be two-fold: (i) the Company's costs of borrowing would increase; and (ii) the attractiveness of the Company's Songs and of its Shares may decrease as the yield becomes less attractive to investors relative to other investments. Conversely, as interest rates fall, the attractiveness of such Songs and Shares may increase. It should be noted, however, that interest rates have not generally been recognised historically as having been a material factor affecting the value of Songs.

The value of the Company's investments may be subject to jurisdiction-specific insolvency regimes

The value of the Company's investments may be affected by various laws enacted for the protection of creditors. This may occur where a portfolio administrator becomes insolvent, for example, since the insolvency may adversely affect their ability to make payment on a full or timely basis of amounts owed to the Company. Where a Catalogue is administered by a portfolio administrator which pays royalties on a semi-annual or quarterly basis, the Company is at risk in respect of any royalties accrued by such portfolio administrator during these periods.

In particular, it should be noted that a number of emerging market jurisdictions operate "debtor-friendly" insolvency regimes which could result in delays in payments where obligations, debtors or assets thereunder are subject to such regimes. This will be taken into account when negotiating the purchase of relevant Songs.

Jurisdiction-specific insolvency regimes may negatively affect the Company's recovery in a restructuring or insolvency, which may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Company's NAV and/or the market price of the Shares, and the Company's ability to deliver the target total NAV return to Shareholders.

RISKS RELATING TO THE SHARES

The existence of a liquid market in the Shares cannot be guaranteed

The Company will apply for the Shares to be admitted to the Official List of the UKLA and to trading on the Premium Segment of the Main Market of the London Stock Exchange. However,

there can be no guarantee that an active secondary market in the Shares will develop or be sustained or that the Shares will trade at prices close to their underlying Net Asset Value per Share. Further, certain Shares may be subject to lock-up arrangements (such as the Performance Shares), which could further reduce the liquidity of the Shares. The number of Shares to be issued pursuant to the Issue is not yet known and there may be a limited number of holders of Shares. Limited numbers and/or holders of Shares may mean that there is limited liquidity in such Shares which may affect: (i) a Shareholder's ability to realise some or all of their investment; (ii) the price at which a Shareholder can effect such realisation; and/or (iii) the price at which such Shares trade in the secondary market.

The Company has been established as a closed-ended vehicle. Accordingly, Shareholders will have no right to have their Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Shares and to return capital in the manner described in this Prospectus, they are under no obligation to use such powers at any time and Shareholders should not place any reliance on the willingness of the Directors to do so. Shareholders wishing to realise their investment in the Company will normally therefore be required to dispose of their Shares through the secondary market. Accordingly, Shareholders' ability to realise their investment at NAV per Share or at all is dependent on the existence of a liquid market for the Shares.

In implementing any Share buy-back, the Company may be required to realise assets when it would not otherwise have done so, which may adversely affect the prices it can obtain for such assets. The Company may not be able to buy back Shares where they are trading at a discount

If the Company implements any Share buy-back, as described in the section entitled "Discount control provisions" in Part II (*Information on the Company*) of this Prospectus, the Directors may be required to realise investments in order to fund the cash requirements of such Share buy-back. Non-cash assets may therefore be realised in circumstances in which the Directors' preference would otherwise have been to retain them, or at times when it is not in the Directors' view possible to achieve an optimal price for such assets.

In addition, there can be no guarantee that the Company will be able to buy back Shares where they are trading at a discount to their Net Asset Value. Such inability to buy back Shares will affect the Shares' liquidity, which may have a materially adverse impact on the market price of the Shares.

Global capital markets have been experiencing volatility, disruption and instability. Material changes affecting global markets may have a negative effect on the Company's business, financial condition, results of operations and the market price of the Shares and the Company may be exposed to systemic risk as a result of the default of any financial institution

In recent years, global capital markets have experienced extreme volatility and disruption, as evidenced by weakness of even the major financial institutions. Despite actions of government authorities, these events have contributed to poor general economic conditions that have materially and adversely affected the broader financial and credit markets and reduced the availability of debt and equity capital.

The default of any financial institution could lead to defaults by other institutions. Concerns about, or default by, one financial institution could lead to significant liquidity problems, losses or defaults by other institutions, because the credit quality and integrity of many financial institutions may be closely related as a result of their credit, trading, clearing or other relationships. The risk is sometimes referred to as "systemic risk" and may adversely affect brokers, lending banks and other trading counterparties with whom the Company deals. The Company may, therefore, be exposed to systemic risk when it deals with various third parties, such as lending banks, counterparty banks, administrators and entities which are part of groups of companies which also contain financial institutions, albeit to a significant lesser degree than an investment vehicle whose investment policy is to invest in quoted securities, for example.

The Company may issue additional securities that dilute the voting rights of existing holders of Shares and intends to seek a renewal of disapplication of pre-emption rights at the AGM of the Company to be held in 2022 (or, if earlier, 5 years from the date of the passing of the resolution disapplying such pre-emption rights) and at each subsequent AGM of the Company

Subject to the Companies Law and the Articles, the Company may issue additional securities, including Shares, for any purpose. Any additional issuances by the Company, or the related costs of such issue, may cause the market price of the Shares to decline and, save as provided in the following paragraph, if and when such securities are issued at a discount to the Net Asset Value, may cause the Net Asset Value and/or the market price of the Shares to decline. Subject to all legal requirements, future issuances may consist of Shares or securities having greater rights and preferences than the Shares.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of Shares. The Articles do, however, contain pre-emption rights in relation to allotments of Shares for cash, although such pre-emption rights will be disapplied in respect of up to 1 billion Shares or C Shares (such figure to include the Shares issued pursuant to the Issue) for a period concluding immediately prior to the annual general meeting of the Company to be held in 2022 (or, if earlier, 5 years from the date of the passing of the resolution disapplying such pre-emption rights) so as to assist the Company in managing market demand for Shares through the issue of further Shares. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at the AGM of the Company to be held in 2022 and at each subsequent AGM of the Company. It therefore may not be possible for existing Shareholders to participate in future issues of Shares, which may dilute the existing Shareholders' voting interests in the Company but, subject to the terms of issue of any such Shares, if the Directors were to issue further Shares in the future, this should not have a detrimental dilutive effect on the NAV per Share since the Listing Rules require that closed-ended funds must obtain Shareholder consent before issuing Shares below the last reported Net Asset Value without offering such Shares pre-emptively to Shareholders.

RISKS RELATING TO REGULATION AND TAXATION

Changes in law or regulations, or a failure to comply with any laws or regulations, may adversely affect the businesses, investments and performance of the Company and the Investment Adviser

The Company is subject to laws and regulations enacted by national and local governments.

The Company is subject to, and will be required to comply with, certain legal and regulatory requirements that are applicable to Guernsey-domiciled, listed investment funds. The Company is subject also to the continuing obligations imposed on all investment companies whose shares are admitted to trading on the Premium Segment of the Main Market and the Listing Rules applicable to closed-ended investment companies which are listed on the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority.

The laws and regulations affecting the Company are evolving and any changes in such laws and regulations may have an adverse effect on the ability of the Company to carry on its business. Any such changes may have an adverse effect on the ability of the Company to pursue its Investment Policy, and may adversely affect the Company's business, financial condition, prospects, results of operations, Net Asset Value and/or the market price of the Shares. In such event, the target total NAV return of the Company may be materially affected.

If the Company becomes subject to any form of tax on a net income basis, or if payments to the Company are subject to withholding tax (in either case beyond that envisaged by the Company as at the date of this Prospectus) in any tax jurisdiction, including Guernsey, the United States and the United Kingdom, the Company's financial condition and prospects could be materially and adversely affected

The Company intends to conduct its affairs so that it will not be treated under English law and practice as UK resident for taxation purposes, or as having a permanent establishment or otherwise being engaged in a trade or business, in the UK. The Company intends that it will not be subject to tax on a net income basis in any country. The Group will include a UK-incorporated subsidiary which will be considered UK tax resident and will be subject to UK corporation tax on its net income. There can be no guarantee, however, that the net income of the Company will not become subject to income tax in one or more countries, including Guernsey and the United

Kingdom, or that revenues received by members of the Group will not be subject to withholding taxes, as a result of unanticipated activities performed by the Company, adverse developments or changes in law, contrary conclusions by the relevant tax authorities, changes in the Directors' personal circumstances or management errors, or other causes. The imposition of any unanticipated net income taxes or withholding taxes could materially reduce the post-tax returns available for distributions on the Shares, and consequently may adversely affect the Company's business, financial condition, results of operations, NAV and/or the market price of the Shares, and the Company's ability to deliver target total NAV return, or pay target dividends, to Shareholders.

Changes in the Company's tax status or tax treatment may adversely affect the Company. If the Company becomes subject to the UK offshore fund rules there may be adverse tax consequences for certain UK resident Shareholders

Any change in the Company's tax status, or in taxation legislation or practice in any relevant jurisdiction or in the Company's tax treatment may affect the value of the investments held by the Company or the Company's ability to pursue its Investment Policy successfully or achieve its investment objective, or may alter the after-tax returns to Shareholders. Statements in this Prospectus concerning the taxation of Shareholders are based upon current UK and Guernsey tax law and published practice, any aspect of which law and practice is, in principle, subject to change (potentially with retrospective effect), which change may adversely affect the ability of the Company to pursue its Investment Policy successfully or achieve its investment objective, and which may adversely affect the taxation of Shareholders. Any changes to the UK Offshore Fund Rules, or a change in the status of the Company, such that it would constitute an offshore fund for the purposes of UK taxation (prospective investors should refer to Part VII (*Taxation*) of this Prospectus), could result in adverse tax consequences for UK resident shareholders.

Potential investors are urged to consult their tax advisers with respect to their particular tax situations and the tax effect of an investment in the Company.

The Company has not, does not intend to become, and may be unable to become, registered in the United States as an investment company under the U.S. Investment Company Act and related rules

The Company has not, does not intend to become, and may be unable to, become registered in the United States as an "investment company" under the U.S. Investment Company Act. The U.S. Investment Company Act provides certain protections to investors and imposes certain restrictions on companies that are registered as investment companies. As the Company is not so registered, does not intend to so register and may be unable to so register, none of these protections or restrictions is or will be applicable to the Company.

In addition, in order to ensure that the Company is not required to register as an investment company under the U.S. Investment Company Act and to avoid violating the U.S. Investment Company Act, the Company has implemented restrictions on the transferability and resale of the Shares and may in certain circumstances require a holder to transfer or sell its Shares. For more information, prospective investors should refer to the sections entitled "*Representations, Warranties and Undertakings*" in Part VI (*Issue Arrangements*) and "*Memorandum and Articles: Transfer of Shares*" in Part VIII (*Additional Information*) of this Prospectus.

The Company is likely to be regarded as a "covered fund" under the Volcker Rule. Any prospective investor that is or may be considered a "banking entity" under the Volcker Rule should consult its legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities prior to making any investment decision with respect to the Shares or entering into other relationships or transactions with the Company

Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and Regulation VV (12 C.F.R. Section 248) promulgated thereunder by the Board of Governors of the Federal Reserve System (such statutory provision together with such implementing regulations, the "**Volcker Rule**"), generally prohibits "banking entities" (which term is broadly defined to include any U.S. bank or savings association whose deposits are insured by the Federal Deposit Insurance Corporation, any company that controls any such bank or savings association, any non-U.S. bank treated as a bank holding company for purposes of Section 8 of the U.S. International Banking Act of 1978, as amended, and any affiliate or subsidiary of any of the foregoing entities) from: (i) engaging in proprietary trading as defined in the Volcker Rule; (ii) acquiring or retaining an

“ownership interest” in, or “sponsoring”, a “covered fund”; and (iii) entering into certain other relationships or transactions with a “covered fund”.

As the Company is likely to be regarded as a “covered fund” under the Volcker Rule, any prospective investor that is or may be considered a “banking entity” under the Volcker Rule should consult its legal advisers regarding the potential impact of the Volcker Rule on its investments and other activities, prior to making any investment decision with respect to the Shares or entering into other relationships or transactions with the Company. If the Volcker Rule applies to an investor’s ownership of Shares, the investor may be forced to sell its Shares or the continued ownership of Shares may be subject to certain restrictions.

Shareholders may be subject to withholding and forced transfers under FATCA and there may also be reporting of Shareholders under other exchange of information arrangements, including the Common Reporting Standard

The governments of the United States and Guernsey have entered into an intergovernmental agreement (the “**U.S. Guernsey IGA**”) related to implementing FATCA which is implemented through Guernsey’s domestic legislation, in accordance with the regulations and guidance (such guidance is subject to change). FATCA imposes certain information reporting requirements on a foreign financial institution (“**FFI**”) or other non-U.S. entity and, in certain cases, U.S. federal withholding tax on certain U.S. source payments and gross proceeds from a sale of assets generating U.S. source payments. The Company is likely to be considered an FFI, and will therefore have to comply with certain registration and reporting requirements in order not to be subject to U.S. withholding tax under FATCA. In addition, the Company may be required to withhold U.S. tax at the rate of 30 per cent. on “withholdable payments” or, after 31 December 2018, certain “foreign passthru payments”, to persons that are not compliant with FATCA or that do not provide the necessary information or documents, to the extent such payments are treated as attributable to certain U.S. source payments.

Guernsey also signed an intergovernmental agreement with the UK (the “**UK Guernsey IGA**”). However, Guernsey has implemented the Common Reporting Standard or “**CRS**” regime with effect from 1 January 2016. Accordingly, following the applicable transitional period, reporting under the UK Guernsey IGA in respect of periods commencing on or after 1 January 2016 will be replaced by reporting under the CRS (as implemented in Guernsey).

Under the CRS and legislation enacted in Guernsey to implement the CRS with effect from 1 January 2016, certain disclosure requirements will be imposed in respect of certain investors who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Where applicable, information to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The CRS will be implemented through Guernsey’s domestic legislation in accordance with guidance issued by the OECD as supplemented by guidance notes in Guernsey. Under the CRS, disclosure of information will be made to the Director of Income Tax in Guernsey for transmission to the tax authorities in other participating jurisdictions.

The requirements under FATCA and any obligations arising out of the U.S. Guernsey IGA, the UK Guernsey IGA and similar IGAs and the Common Reporting Standard or similar regimes and any related legislation and/or regulations may impose additional burdens and costs on the Company or Shareholders. There is no guarantee that the Company will be able to satisfy such obligations and any failure to comply may materially adversely affect the Company’s business, financial condition, results of operations, NAV and/or the market price of the Shares, and the Company’s ability to deliver target total NAV return, or pay target dividends, to Shareholders. In addition, there can be no guarantee that any payments in respect of the Shares will not be subject to withholding tax under FATCA. To the extent that such withholding tax applies, the Company is not required to pay any additional amounts.

In subscribing for or acquiring Shares, each Shareholder is agreeing, upon the request of the Company or its delegate, to provide such information as is necessary to comply with FATCA and any obligations arising out of the U.S. Guernsey IGA, the UK Guernsey IGA and similar IGAs and the Common Reporting Standard or similar regimes and any related legislation and/or regulations. In particular, investors should be aware that certain forced transfer provisions contained in the Articles may apply in the case that the Company suffers any pecuniary disadvantage as a result of

the Company's failure to comply with FATCA as a result of a Non-Qualified Holder failing to provide information as requested by the Company in accordance with the Articles.

Investors should consult with their respective tax advisers regarding the possible implications of FATCA, the U.S. Guernsey IGA, the UK Guernsey IGA and similar IGAs and the Common Reporting Standard and any other related legislation and/or regulations on their investment in the Company.

The ability of certain persons to hold Shares and make secondary transfers in the future may be restricted as a result of ERISA and other regulatory considerations

Each initial purchaser and subsequent transferee of Shares will be required to represent and warrant or will be deemed to represent and warrant that it is not a "benefit plan investor" (as defined in Section 3(42) of ERISA), and that it is not, and is not using assets of, a plan or other arrangement subject to provisions under applicable federal, state, local, non-U.S. or other laws or regulations that are substantially similar to Section 406 of ERISA or Section 4975 of the U.S. Tax Code unless its purchase, holding and disposition of Shares does not constitute or result in a non-exempt violation of ERISA, Section 4975 of the U.S. Tax Code or any such substantially similar law. In addition, under the Articles, the Board has the power to refuse to register a transfer of Shares or to require the sale or transfer of Shares in certain circumstances, including any purported acquisition or holding of Shares by a benefit plan investor.

Under the Articles, the Board has the power to require the sale or transfer of Shares, or refuse to register a transfer of Shares, in respect of any Non-Qualified Holder. In addition, the Board may require the sale or transfer of Shares held or beneficially owned by any person who refuses to provide information or documentation to the Company which results in the Company suffering U.S. tax withholding charges. Prospective investors should refer to the sections entitled "Representations, Warranties and Undertakings" in Part VI (Issue Arrangements) and "Memorandum and Articles: Transfer of Shares" in Part VIII (Additional Information) of this Prospectus.

Changes to tax treatment of derivative instruments may adversely affect the Company and certain tax positions it may take may be successfully challenged

The regulatory and tax environment for derivative instruments is evolving, and changes in the regulation or taxation of derivative instruments may adversely affect the value of derivative instruments held by the Company and its ability to pursue its Investment Policy and investment strategy. In addition, the Company may take positions with respect to certain tax issues which depend on legal conclusions not yet resolved by the courts. Should any such positions be successfully challenged by an applicable taxing authority, there could be a material adverse effect on the Company.

The Company may be subject to disclosure rules concerning Non-Mainstream Pooled Investments

The Company intends not to be subject to the rules relating to Non-Mainstream Pooled Investments ("NMPI") by virtue of the fact that the Company intends would meet the criteria for investment trust status under sections 1158 and 1159 of the Corporation Tax Act 2010 as if it were a UK company. If the Company fails to meet such criteria, and the rules concerning NMPI apply to the Company, then the Company will be restricted from being promoted to certain retail investors.

IMPORTANT INFORMATION

Prospective investors should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to the date of Admission. No person has been authorised to give any information or to make any representation other than those contained in this Prospectus (or any supplementary prospectus published by the Company prior to the date of Admission) in connection with the Issue and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company, the Investment Adviser, Cenkos or any of their respective Affiliates, officers, directors, employees or agents. Without prejudice to any obligation of the Company to publish a supplementary prospectus pursuant to section 87G(1) of FSMA, neither the delivery of this Prospectus nor any subscription or sale made under this Prospectus shall, under any circumstances, create any implication that there has been no change in the business or affairs of the Company since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to its date.

The contents of this Prospectus or any subsequent communications from the Company, the Investment Adviser, Cenkos or any of their respective Affiliates, officers, directors, employees or agents are not to be construed as legal, business or tax advice. Each prospective investor should consult their own solicitor, financial adviser or tax adviser for legal, financial or tax advice in relation to the purchase of Shares.

Apart from the liabilities and responsibilities (if any) which may be imposed on Cenkos by FSMA or the regulatory regime established thereunder, Cenkos will not make any representations, express or implied, or accept any responsibility whatsoever for the contents of this Prospectus (or any supplementary prospectus published by the Company prior to the date of Admission) or for any other statement made or purported to be made by Cenkos or on its behalf in connection with the Company, the Investment Adviser, the Shares, the Issue or Admission. Cenkos and its Affiliates accordingly disclaim all and any liability (save for any statutory liability) whether arising in tort or contract or otherwise which it or they might otherwise have in respect of this Prospectus, any such supplementary prospectus or any such statement.

In connection with the Issue, Cenkos and its Affiliates acting as investor for its own account, may acquire Shares and, in that capacity, may retain, purchase, sell, offer to sell or otherwise deal for its own account in such securities of the Company, any other securities of the Company or other related investments in connection with the Issue or otherwise. Accordingly, references in this Prospectus to the Shares being issued, offered, acquired, subscribed or otherwise dealt with, should be read as including any issue or offer to, acquisition of, or subscription or dealing by, Cenkos and any of its Affiliates acting as investor for its own account. Cenkos and its Affiliates do not intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

An investment in the Shares should constitute part of a diversified investment portfolio. The Shares are only suitable for investors: (i) who understand the potential risk of capital loss and that there may be limited liquidity in the underlying investments of the Company; (ii) for whom an investment in the Shares is part of a diversified investment programme; and (iii) who fully understand and are willing to assume the risks involved in such an investment portfolio. Investors in the Company are expected to be institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or who have been advised of, the potential risks from investing in the Company. It should be remembered that the price of the Shares and the income from them can go down as well as up.

The Shares are designed to be held over the long term and may not be suitable as short-term investments. There is no guarantee that any appreciation in the value of the Company's investments will occur and investors may not get back the full value of their investment. Any investment objective of, and target dividends and target total NAV return proposed by, the Company are targets only and should not be treated as an assurance or guarantee of performance. There can be no guarantee that the Company's investment objective will be achieved or that the proposed target dividends and target total NAV return will be achieved or paid.

A prospective investor should be aware that the value of an investment in the Company is subject to market fluctuations and other risks inherent in investing in securities. There is no guarantee that any appreciation in the value of the Shares will occur or that the investment objective of, or the

target dividends and target total NAV return proposed by, the Company will be achieved or paid. The value of investments and the income derived therefrom may fall as well as rise and investors may not recoup the original amount invested in the Company.

General

Prospective investors should rely only on the information contained in this Prospectus and any supplementary prospectus published by the Company prior to Admission of the relevant Shares. No broker, dealer or other person has been authorised by the Company, the Board or any Director, the Investment Adviser or Cenkos to issue any advertisement or to give any information or to make any representation in connection with the Issue other than those contained in this Prospectus or any supplementary prospectus published by the Company prior to Admission and, if issued, given or made, any such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Board, any Director, the Investment Adviser or Cenkos.

The distribution of this Prospectus in jurisdictions other than the UK may be restricted by law and persons into whose possession this Prospectus comes should inform themselves about and observe any such restrictions.

Prospective investors should not treat the contents of this Prospectus as advice relating to legal, taxation, investment or any other matters. Prospective investors should inform themselves as to: (i) the legal requirements within their own countries for the purchase, holding, transfer, redemption or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer, redemption or other disposal of Shares which they might encounter; and (iii) the income and other tax consequences which may apply in their own countries as a result of the purchase, holding, transfer, redemption or other disposal of Shares. Prospective investors must rely upon their own representatives, including their own legal advisers and accountants, as to legal, tax, investment or any other related matters concerning the Company and an investment therein.

The Company consents to the use of this document by intermediaries in connection with any subsequent resale or placement of Shares in the UK by Intermediaries who are appointed by the Company and/or by Cenkos, a list of such Intermediaries will appear on the Company's website at www.hipgnosissongs.com, in addition to any new information concerning an Intermediary which is not known at the date of this Prospectus. Such consent is given from the date any Intermediaries are appointed to participate in connection with any subsequent resale or placement of Shares until the closing of the period for the subsequent resale or placement of Shares on 5 July 2017, being the date upon which the Offer closes, unless closed prior to that date.

Any Intermediary that uses this document must state on its website that it uses this document in accordance with the Company's consent and the conditions attached thereto. In the event of an offer being made by an Intermediary, the relevant Intermediary will provide information to investors on the terms and conditions of such an offer. Any application made by investors to any Intermediary is subject to the terms and conditions imposed by each Intermediary.

Information on the terms and conditions of any subsequent resale or final placement of Shares by any Intermediary is to be provided at the time of the offer by the Intermediary.

The Company accepts responsibility for the information in this document with respect to any subscriber for Shares pursuant to any subsequent resale or final placement of Shares by Intermediaries appointed by the Company and/or Cenkos.

Cenkos does not accept any responsibility for the contents of this document.

Any new information with respect to Intermediaries unknown at the time of approval of this document will be made available on the Company's website.

Statements made in this Prospectus are based on the law and practice currently in force in England and Wales and Guernsey and are subject to changes therein.

Selling Restrictions

This Prospectus does not constitute, and may not be used for the purposes of, an offer or an invitation to apply for any Shares by any person: (i) in any jurisdiction in which such offer or invitation is not authorised; or (ii) in any jurisdiction in which the person making

such offer or invitation is not qualified to do so; or (iii) to any person to whom it is unlawful to make such offer or invitation.

The distribution of this Prospectus and the offering of Shares in certain jurisdictions may be restricted. Accordingly, persons into whose possession this Prospectus comes are required to inform themselves about and observe any restrictions as to the offer or sale of Shares and the distribution of this Prospectus under the laws and regulations of any jurisdiction relevant to them in connection with any proposed applications for Shares, including obtaining any requisite governmental or other consent and observing any other formality prescribed in such jurisdiction.

Save for the United Kingdom and save as explicitly stated elsewhere in this Prospectus, no action has been taken or will be taken in any jurisdiction by the Company that would permit a public offering of Shares in any jurisdiction where action for that purpose is required, nor has any such action been taken with respect to the possession or distribution of this Prospectus in any other jurisdiction where action for that purpose is required.

Notice to prospective investors regarding United States federal securities laws

The Company has not been and will not be registered under the U.S. Investment Company Act and as such investors are not and will not be entitled to the benefits of the U.S. Investment Company Act. The Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not result in the Company being required to register under the U.S. Investment Company Act. In connection with the Issue, subject to certain exceptions, offers and sales of Shares will be made only outside the United States in “offshore transactions” to non-U.S. Persons pursuant to Regulation S under the U.S. Securities Act. There has been and will be no public offering of the Shares in the United States.

The Shares may not be acquired by: (i) investors using assets of: (A) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (B) a “plan” as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code; or (C) an entity whose underlying assets are considered to include “plan assets” by reason of investment by an “employee benefit plan” or “plan” described in preceding clause (A) or (B) in such entity pursuant to the U.S. Plan Assets Regulations; or (ii) a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, unless its purchase, holding, and disposition of the Shares will not constitute or result in a non-exempt violation of any such substantially similar law.

The Shares are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable securities laws and regulations and under the Articles. Any failure to comply with such restrictions may constitute a violation of applicable securities laws and may subject the holder to the forced transfer provisions set out in the Articles. For further information on restrictions on transfers of the Shares, prospective investors should refer to the sections entitled “*Representations, Warranties and Undertakings*” in Part VI (*Issue Arrangements*) and “*Memorandum and Articles: Transfer of Shares*” in Part VIII (*Additional Information*) of this Prospectus.

Notice to prospective investors in the EEA

In relation to each Relevant Member State (other than the UK), no Shares have been offered or will be offered pursuant to the Offer to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that offers of Shares to the public may be made

at any time with the prior consent of Cenkos, under the following exemptions under the Prospectus Directive, if they are implemented in that Relevant Member State:

- (a) to any legal entity which is a qualified investor as defined in Article 2(1)(e) of the Prospectus Directive;
- (b) to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member State; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive with the prior consent of Cenkos,

provided that no such offer of Shares shall result in a requirement for the publication of a prospectus pursuant to Article 3 of the Prospectus Directive or any measure implementing the Prospectus Directive in a Relevant Member State (other than the UK).

For the purposes of this provision, the expression an “offer to the public” in relation to any offer of Shares in any Relevant Member State means a communication in any form and by any means presenting sufficient information on the terms of the offer and any Shares to be offered so as to enable an investor to decide to purchase or subscribe for Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

The Company, in its capacity as a self-managed AIF, has made the notifications or applications and received, where relevant, approvals for the marketing of the Shares to “professional investors” (as defined in the AIFM Directive) in the United Kingdom. Notwithstanding any other statement in this Prospectus, this Prospectus should not be made available to any investor domiciled in any EEA State other than the UK. Prospective investors domiciled in the EEA that have received the Prospectus in any EEA States other than the UK should not subscribe for Shares (and the Company reserves the right to reject any application so made, without explanation) unless: (i) the Company has confirmed that the Company has made the relevant notification or applications in that EEA State and are lawfully able to market Shares into that EEA State; or (ii) such investors have received the Prospectus on the basis of an enquiry made at the investor’s own initiative.

The Shares may not be marketed to retail investors (as this term is defined in the AIFM Directive as transposed in the relevant EEA State) in any EEA State unless the Shares have been qualified for marketing to retail investors in that EEA State in accordance with applicable local laws. At the date of this Prospectus, the Shares are not eligible to be marketed to retail investors in any EEA State other than the UK. Accordingly, the Shares may not be offered, sold or delivered and neither this document nor any other offering materials relating to such Shares may be distributed or made available to retail investors in any EEA State other than the UK.

Notice to prospective investors in the Bailiwick of Jersey

The offering of Shares is “valid in the United Kingdom” (within the meaning given to that expression under Article 8(5) of the Control of Borrowing (Jersey) Order 1958 (the “**Jersey COBO**”) and is circulated in Jersey only to persons similar to those to whom, and in a manner similar to that in which, it is for the time being circulated in the United Kingdom. The Company has no “relevant connection with Jersey” for the purposes of Articles 8(7) and 8(8) of the Jersey COBO. Accordingly, the consent of the Jersey Financial Services Commission under Article 8(2) of the Jersey COBO to the circulation of this Prospectus in Jersey is not required and has not been obtained.

Notice to prospective investors in the Bailiwick of Guernsey

To the extent to which any promotion of the Shares is deemed to take place in Guernsey, Shares are only being promoted in or from within Guernsey either: (i) by persons licensed to do so under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended; or (ii) to persons licensed under the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended, the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended) or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 (as amended). Promotion is not being made in any other way.

Forward-looking statements

This Prospectus includes statements that are, or may be deemed to be, “forward-looking statements”. Forward-looking statements typically can be identified by the use of forward-looking terminology, including, but not limited to, terms such as “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. Such forward-looking statements, which include all matters that are not historical facts, appear in a number of places in this Prospectus and include statements regarding the intentions, beliefs or current expectations of the Company, the Board or the Investment Adviser concerning, amongst other things, the Company’s target dividend yield, Initial Target Dividend and target total NAV return, the investment objective and Investment Policy, investment performance, results of operations, financial condition, prospects, and dividend policy of the Company and the markets in which it invests and/or operates. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company’s actual investment performance, results of operations, financial condition, dividends paid and its financing strategies may differ materially from the impression created by the forward-looking statements contained in this Prospectus. In addition, even if the investment performance, results of operations, financial condition of the Company and its financing strategies, are consistent with the forward-looking statements contained in this Prospectus, those results, its condition or strategies may not be indicative of results, its condition or strategies in subsequent periods. Important factors that could cause these differences include, but are not limited to:

- (a) changes in economic conditions generally and the Company’s ability to achieve its investment objective, target dividend yield, Initial Target Dividend and target total NAV return on equity for investors;
- (b) the Company’s ability to invest the Net Issue Proceeds on a timely basis within the investment objective and Investment Policy;
- (c) foreign exchange mismatches with respect to exposed assets;
- (d) changes in interest rates, as well as the success of the Company’s investment strategy in relation to such changes and the management of the uninvested proceeds of the Issue;
- (e) impairments in the value of the Company’s investments;
- (f) the availability and cost of capital for future investments;
 - (i) the departure of key personnel employed by the Investment Adviser, including secondees to any of the Fund Entities;
 - (ii) the failure of the Investment Adviser to perform its obligations under the Investment Advisory Agreement with the Company or the termination of the Investment Advisory Agreement;
- (g) changes in laws or regulations, including tax laws, or new interpretations or applications of laws and regulations, that are applicable to the Company; and
- (h) general economic trends and other external factors, including those resulting from war, incidents of terrorism or responses to such events.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements. Prospective investors should carefully review the “*Risk Factors*” section of this Prospectus for a discussion of additional factors that could cause the Company’s actual results to differ materially from those that the forward-looking statements may give the impression will be achieved, before making an investment decision. Forward-looking statements speak only as at the date of this Prospectus. Although the Company undertakes no obligation to revise or update any forward-looking statements contained herein (save where required by the Prospectus Rules, the Listing Rules, the AIFM Directive or the Disclosure Guidance and Transparency Rules), whether as a result of new information, future events, conditions or circumstances, any change in the Company’s expectations with regard thereto or otherwise, Shareholders are advised to read any communications made directly to them by the Company and/or any additional disclosures in announcements that the Company may make via a RIS.

THE DATA PROTECTION (BAILIWICK OF GUERNSEY) LAW 2001

Pursuant to the DP Law, the Company, Cenkos, the Receiving Agent, the Registrar and/or the Fund Administrator may hold personal data (as defined in the DP Law) relating to past and present Shareholders.

Such personal data held is used by the Registrar to maintain a register of the Shareholders and mailing lists and this may include sharing such data with third parties in one or more of the countries mentioned below when: (a) effecting the payment of dividends and redemption proceeds to Shareholders (in each case, where applicable) and, if applicable, the payment of commissions to third parties; and (b) filing returns of Shareholders and their respective transactions in shares with statutory bodies and regulatory authorities. Personal data may be retained on record for a period exceeding six years after it is no longer used.

The countries referred to above include, but need not be limited to, those in the European Economic Area or the European Union and any of their respective dependent territories overseas, Argentina, Australia, Brazil, Canada, Hong Kong, Hungary, Japan, New Zealand, Singapore, South Africa, Switzerland and the United States.

By becoming registered as a Shareholder in the Company a person becomes a data subject (as defined in the DP Law) and is deemed to have consented to the processing by the Company, the Fund Administrator, the Receiving Agent, the Registrar and Cenkos of any personal data relating to them in the manner described above.

If the Company (or any third party, functionary or agent appointed by the Company) discloses personal data to such a third party, functionary or agent and/or makes such a transfer of personal data it will use reasonable endeavours to ensure that any third party, functionary or agent to whom the relevant personal data is disclosed or transferred is contractually bound to provide an adequate level of protection in respect of such personal data.

Prospective investors are responsible for informing any third party individual to whom the personal data relates as to the disclosure and use of such data in accordance with these provisions.

No incorporation of website

The contents of the Company's website at www.hipgnosissongs.com or the contents of any website accessible from hyperlinks on the Company's website or any other website referred to in this Prospectus are not incorporated into, and do not form part of, this Prospectus. Investors should base their decision to invest on the contents of this Prospectus and any supplementary prospectus published by the Company prior to Admission alone and should consult their professional advisers prior to making an application to acquire Shares.

EXPECTED TIMETABLE¹

Publication of this Prospectus	23 June 2017
Latest time and date for applications under the Offer for Subscription and the payment in full under the Offer for Subscription and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on 5 July 2017
Latest time and date for receipt of commitments under the Placing	3.00 p.m. on 5 July 2017
Publication of results of the Issue	6 July 2017
Admission to the Official List and commencement of dealings on the LSE	10 July 2017
CREST Accounts credited	10 July 2017
Where applicable, definitive share certificates despatched by post	Approximately two weeks following Admission

¹ *The Board may, subject to prior approval from Cenkos, bring forward or postpone the closing time and date for the Issue. In the event that such date is changed, the Company will notify investors who have applied for Shares of changes by post, email, or by publication via a RIS.*

References to times are to London times.

ISSUE STATISTICS

Issue Price per Share	100 pence
Gross Issue Proceeds*	£200 million
Net Asset Value per Share at Admission	98 pence

* Assuming 200 million Shares are issued pursuant to the Issue. The Company is targeting Gross Issue Proceeds of £200 million, subject to a maximum of £250 million. The number of Shares to be issued pursuant to the Issue, and therefore the Gross Issue Proceeds and Net Issue Proceeds, is not known as at the date of this Prospectus, but will be notified by the Company via a RIS prior to Admission.

DEALING CODES

ISIN for the Shares	GG00BF03C303
SEDOL for the Shares	BF03C30
Ticker code for the Shares	SONG

DIRECTORS, ADVISERS and OTHER SERVICE PROVIDERS

Directors	Andrew Sutch (Chairman) Simon Holden Rupert Perry CBE Andrew Wilkinson
Registered Office	Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port Guernsey GY1 4HY
Investment Adviser	Hipgnosis Songs Limited Lansdowne House, 1b Lansdowne Road, Holland Park, London W11 3LP
Sponsor, Financial Adviser and Bookrunner	Cenkos Securities plc 6.7.8 Tokenhouse Yard London EC2R 7AS
Fund Administrator and Company Secretary	Heritage International Fund Managers Limited Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port Guernsey GY1 4HY
Receiving Agent	Computershare Investor Services PLC The Pavilions, Bridgwater Road Bristol BS13 8AE
Registrar	Computershare Investor Services (Guernsey) Limited 1st Floor, Tudor House, Le Bordage, St Peter Port Guernsey GY1 1DB
Reporting Accountants and Auditors	PricewaterhouseCoopers CI LLP Royal Bank Place, 1 Gategny Esplanade, St Peter Port Guernsey GY1 1DB
Legal advisers to the Company	Herbert Smith Freehills LLP Exchange House, Primrose Street London EC2A 2EG
Legal advisers to the Company (as to Guernsey law)	Ogier Redwood House, St Julian's Avenue, St Peter Port Guernsey GY1 1WA
Legal advisers to the Sponsor, Financial Adviser and Bookrunner	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
Principal Bankers	Barclays Bank PO Box 41, Le Marchant House St Peter Port, Guernsey, GY1 3BE

PART I: INVESTMENT HIGHLIGHTS

An investment in the Company will enable investors to gain exposure to music royalty and related income from a diverse Portfolio of Songs. The Company aims to provide Shareholders with an attractive and growing level of income and capital growth.

Unique proposition – no correlation to equity markets

The Company will be the first LSE listed investment company offering investors a pure-play exposure to Songs and associated musical intellectual property rights. The Company is targeting to deliver attractive and growing returns to Shareholders.

The Directors believe these returns are driven by consumer spending and listening habits which are uncorrelated to capital markets.

Technology disruption driving growth

There is currently a unique market opportunity as technology disruption is changing the way music is consumed. The pace at which revenues from music streaming replace and increase those earned from physical and permanent download sales is forecast to grow significantly.² This is driven in large measures by music consumers switching from illegal downloading to convenient and legal streaming, which is resulting in improved monetisation of music.² Global music revenues are also predicted to increase due to penetration of smartphones and a reduction in piracy rates in emerging markets, global synchronisation income being more trackable and integration of music technology in other products (e.g. cars pre-installed with Spotify/Apple Music, Alexa Speakers, Apple Music and Spotify integrated into Apple and Samsung watches).

The Company is targeting 10 per cent. per annum total NAV returns over the medium term (net of fees).³

Attractive income

Songs constantly trigger royalty income payments and produce an attractive level of income which can persist for decades and is protected by copyright law.

The Company is targeting a 6.5 per cent. annual dividend yield (based on the Issue Price) once fully invested.³ The Directors expect to pay a first dividend in November 2017.

Highly influential and award winning team

The Company will be advised by the Investment Adviser 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 recording artist, songwriter, publishing, legal, financial, recorded music and music management communities, all with in-depth knowledge of music publishing. This ensures the Investment Adviser has access to an extensive network of contacts and expertise to assist it in identifying, acquiring and managing Songs.

Catalogues identified

Through the Investment Adviser's and its Advisory Board's extensive relationships in the music industry, a pipeline of Catalogues has been identified which the Company believes are not available to all potential purchasers. The Catalogues contain proven, evergreen Songs from award-winning songwriters which are well suited to the Company's investment strategy. The Investment Adviser is undertaking due diligence on, or is in advanced discussions to potentially acquire, a number of Catalogues and expects some of these Catalogues to be acquired shortly after Admission.

The Investment Adviser believes an opportunity currently exists to acquire Catalogues at attractive valuations, where pricing is determined by reference to historical income (which does not yet reflect streaming growth over the last 12 months) and not future forecast revenues.

² Goldman Sachs (Equity Research), Music in the Air – Stairway to Heaven (October 2016)

³ The Initial Target Dividend, target dividend yield and target total NAV return are targets only and are not profit forecasts. There can be no guarantee that these targets will be met and they should not be taken as an indication of the Company's expected or actual future results. Potential investors should decide for themselves whether or not these targets are reasonable or achievable in deciding whether to invest in the Company.

The Board and the Investment Adviser believe suitable acquisition opportunities exist which would allow the Net Issue Proceeds to be deployed within 12 months following Admission.

Hidden value – experience to capitalise

The Investment Adviser will capitalise on its industry leading experience and network of relationships to actively manage the Songs acquired by the Company. The team will be responsible for exploiting untapped value through synchronisation opportunities to increase royalty income and maximise the earning potential of the Company's Songs.

Alignment of Interest

The Performance Fee payable to the Investment Adviser will be paid in Shares⁴, which will be subject to lock-up arrangements for 18 months from the point of issue. In addition, Merck Mercuriadis, Chief Executive Officer of the Investment Adviser has committed to invest a minimum of £100,000 in the Issue.

⁴ The Investment Adviser will receive cash equal to all taxes or charges payable with respect to the Performance Fee by the Investment Adviser or member(s) of the Investment Adviser's Team.

PART II: INFORMATION ON THE COMPANY

1. INTRODUCTION

The Company is a newly established investment company registered with the Guernsey Financial Services Commission under the Registered Collective Investment Scheme Rules 2015 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The Company will make, and subsequently manage, its investments directly or indirectly through a number of wholly owned subsidiary companies incorporated in Guernsey and the UK.

The Company will be the first investment company whose Shares are admitted to the Premium Segment of the Main Market of the London Stock Exchange offering pure-play exposure to Songs and associated musical intellectual property rights. The Company is self-managed, with strategic investment and risk management decisions being taken by its Board.

The Fund Entities have appointed Hipgnosis Songs Limited as its Investment Adviser. The Investment Adviser will be responsible for sourcing Catalogues or individual Songs and making recommendations to the Board on the Company's acquisition of Catalogues. The Investment Adviser will also be responsible for managing the Songs acquired by the Company on an ongoing basis, creating opportunities to increase royalty income and maximise the earning potential of the Company's Songs, and for regularly monitoring royalty collection agents and portfolio administrators appointed by the Company.

The Investment Adviser 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 Company, through its relationship with the Investment Adviser and its Advisory Board, has access to a significant network of relationships in the music industry, particularly with songwriters, producers and recording artists. Utilising these relationships, the Investment Adviser has identified a number of Catalogues from well-known songwriters which are well suited to the Company's investment strategy. The Investment Adviser is undertaking due diligence on, or is in advanced discussions for the Company, subject to Board approval, to acquire, nine Catalogues. It is expected that the Company will acquire a number of these Catalogues shortly after Admission.

Applications will be made to each of the UK Listing Authority and the London Stock Exchange, respectively, for all of the Company's Shares to be admitted to the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority and to be admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange. It is expected that Admission will become effective and that dealings in the Shares will commence at 8.00 a.m. on 10 July 2017.

2. INVESTMENT OBJECTIVE AND POLICY

Investment Objective

The Company's objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in Songs and associated musical intellectual property rights, in accordance with its Investment Policy.

Investment Policy

The Company's investment policy is to diversify risk through investment in a Portfolio of Songs and associated musical intellectual property rights. The Company will seek to acquire 100 per cent. of a songwriter's copyright interest in each Song, which would comprise their writer's share, their publisher's share and their performance rights. In appropriate cases, however, the Company may not acquire all three elements of the songwriter's interest. The Company will acquire interests in Songs which are sole authored or co-authored. The Company may also acquire interests in Songs jointly with another purchaser. Each Song will be considered by the Company to be a separate asset.

The Company will, directly or indirectly via portfolio administrators, enter into licensing agreements, under which the Company will receive payments attributable to the copyright interests in the Songs which it owns. Such payments may take the form of royalties, licence fees and/or advance payments, including:

- mechanical royalties – when a copy of a Song is made, whether physical (e.g. CDs, DVDs) or digital (e.g. permanent downloads, streaming, webcast);
- performance royalties – when a Song is performed live or broadcast on TV or Radio, or when a song is streamed online; and
- synchronisation fees – when a Song is used in another form of media (e.g. movie, TV show, video game, advertisement).

The Company will focus on delivering income growth and capital growth by pursuing efficiencies in the collection of payments and active management of the Songs it owns.

The Company may acquire Songs for consideration consisting of cash, Shares or a combination of cash and Shares, and payment of part of the consideration may be on deferred terms.

Whilst the Company does not intend to sell the Songs it owns, it may make disposals of Songs where it considers such a disposal to be in the best interests of Shareholders.

Investment restrictions

The Company will invest its assets and manage the Songs it acquires with the objective of constructing a high quality and diversified Portfolio of Songs. The Company will acquire Catalogues from a number of different songwriters, which will include Songs diversified across music genres and sung by numerous recording artists. The Company will be subject to the following investment restrictions:

- (a) the Company will hold interests in a minimum of 300 Songs once fully invested;
- (b) the value of any single Song will not represent more than 10 per cent. of the Company's Gross Assets, calculated at the date of the acquisition of such Song (and re-calculated in the aggregate upon the acquisition of any additional interest in a Song). In the event this limit is breached at any point after the relevant investment has been made or added to (for example due to a change in valuation of any Song), there will be no requirement to sell any Song, in whole or in part; and
- (c) the Company will not invest in closed-ended investment companies or other investment funds.

Cash management

The Company's uninvested capital may be invested in cash, cash equivalents, near cash instruments and money market instruments.

Hedging and derivatives

The Company may utilise derivatives for efficient portfolio management. In particular, the Directors may engage in full or partial foreign currency hedging and interest rate hedging. The Company will not enter into such arrangements for investment purposes.

Leverage

The Company may incur indebtedness of up to a maximum of 20 per cent. of its Net Asset Value, calculated at the time of drawdown. Such borrowings may only be utilised for working capital and/or short-term bridging to finance the purchase of Songs.

Amendments to and compliance with the Investment Policy

Material changes to the Company's investment policy may only be made in accordance with the Listing Rules and with the approval of the Shareholders by way of ordinary resolution (for so long as the Shares are listed on the Official List).

In the event of a material breach of any of the investment restrictions applicable to the Company, Shareholders will be informed of the actions to be taken by the Company through an announcement made via a RIS.

3. PIPELINE INVESTMENTS

The Company, through its relationship with the Investment Adviser and its Advisory Board, has access to a significant network of relationships in the music industry, particularly with songwriters, producers and recording artists. Utilising these relationships, the Investment Adviser has identified a number of Catalogues from well-known songwriters which are well suited to the Company's investment strategy and the Investment Adviser is undertaking due diligence on, or is in advanced discussions for the Company, subject to Board approval, to acquire, nine Catalogues (the "**Pipeline Catalogues**"). There can be no guarantee that the Company will be able to acquire these Pipeline Catalogues, either on Admission or thereafter.

Details of the Pipeline Catalogues

It is expected that, if all nine Pipeline Catalogues are acquired, they will account for approximately 85 per cent. of the Net Issue Proceeds (based on the Company raising the target Gross Issue Proceeds of £200 million). The acquisition of all of the Pipeline Catalogues, on that basis, would create a well-diversified initial Portfolio with the following characteristics:

- it would comprise over 1,000 Songs, including hit Songs from well-known recording artists such as Adele, Beyoncé, Bruno Mars, Cee Lo Green, Flo Rida, Jay Z, Justin Bieber, Kanye West, Rihanna and Snoop Dogg;
- it would include Songs performed by more than 50 global recording artists;
- it would provide exposure to at least nine songwriters;
- it would include Songs from each of the past five decades; and
- it would contain more than 10 number 1 hit Songs in the UK and the US, and more than 20 Grammy Award winners or nominees.

Details of the key terms that the Investment Adviser expects to form part of the Catalogue acquisition agreements are set out in paragraph 5.7 of Part VIII (*Additional Information*) of this Prospectus.

Acquisition of the Pipeline Catalogues

Subject to completing satisfactory legal and financial due diligence, and approval of the acquisitions by the Board (including all acquisition documentation), it is expected that a number of these Pipeline Catalogues will be acquired shortly after Admission. If these Catalogues are acquired within this timeframe, the Company will be entitled to receive certain income earned by those Songs between January and June 2017, which is expected to be paid to the Company in September 2017.

The Board and the Investment Adviser believe suitable acquisition opportunities exist which would allow the Net Issue Proceeds to be deployed within 12 months following Admission. In the event that substantially all of the Net Issue Proceeds have not been invested within two years following Admission, the balance of the uninvested cash would be returned to Shareholders on such terms and in such manner as the Directors may determine and in accordance with the Articles and the Companies Law.

4. DIVIDEND POLICY

The Company's target dividend yield is 6.5 per cent. per annum (based on the Issue Price) once substantially invested and the Company expects to grow such dividend yield over time.⁵ The Company's target dividend yield for the first 12 months following Admission is 3.5 per cent. (based on the Issue Price) (the "**Initial Target Dividend**").⁵ The Company intends to pay interim quarterly dividends to Shareholders in November, February, May and August of each year with the first dividend expected to be paid in November 2017. Dividends will be subject to compliance with the solvency test prescribed by Guernsey law.

The Directors will seek to maintain and grow the dividend over the long term and may offer Shareholders the opportunity to receive dividends in the form of scrip dividends.

⁵ The Initial Target Dividend, target dividend yield and target total NAV return are targets only and are not profit forecasts. There can be no guarantee that these targets will be met and they should not be taken as an indication of the Company's expected or actual future results. Potential investors should decide for themselves whether or not these targets are reasonable or achievable in deciding whether to invest in the Company.

5. TARGET RETURNS TO SHAREHOLDERS

The Board will target a total NAV return of 10 per cent. per annum on the Issue Price over the medium term (net of fees and expenses).⁵

The actual return generated by the Company in pursuing its investment objective depends on a wide range of factors including, but not limited to: finding new opportunities to increase revenues; general conditions in the music industry; the terms of the acquisitions made by the Company; availability of investment opportunities; valuations of Songs and Catalogues; the level of income from the licensing of Songs; general economic and market conditions; and the risks highlighted in the section entitled “*Risk Factors*” of this Prospectus. Accordingly, investors should not place any reliance on the Initial Target Dividend, the target dividend or the target total NAV return in deciding whether to invest in the Shares.

6. REPORTS AND ACCOUNTS

The audited report and accounts of the Company will be prepared in Sterling under IFRS on a consolidated basis. The Company’s annual report and accounts will be prepared to 31 March each year with the first accounting period of the Company being from the date of the Company’s incorporation on 31 May 2017 to 31 March 2018. The audited annual accounts will be sent to Shareholders within four months of the year end to which they relate. Unaudited half yearly reports, made up to 30 September in each year, will be sent to Shareholders within three months of that date.

The audited annual accounts and half yearly reports will also be available at the registered office of the Fund Administrator and the Company and on the Company’s website, www.hipgnosissongs.com.

The Company expects to hold its first AGM by October 2018.

7. CALCULATION AND PUBLICATION OF NET ASSET VALUE

The Company intends to publish its operative Net Asset Value, as calculated in accordance with the process described below, on a semi-annual basis. This Net Asset Value will be calculated in Sterling and published by a RIS announcement and also published on the website of the Company. The Company also intends to publish a quarterly factsheet on its website. Net Asset Values are expected to be published within 60 days of each semi-annual period end. The Company will also publish an IFRS NAV calculated in accordance with IFRS with the Company’s annual report and accounts. The Net Asset Value and IFRS NAV will be audited annually, at the year end.

Valuation methodologies

Net Asset Value

The Directors believe that the most meaningful NAV for investors will be one which is calculated so as to reflect a fair market value for the Company’s Catalogues or Songs, but otherwise in accordance with IFRS. In determining this operative Net Asset Value, the Board will appoint an independent third party valuer to value each Catalogue or Song owned by the Company on a semi-annual basis. In preparing its valuation the Company’s independent valuer will take into account a minimum of three years of historical revenues (normalised) earned by each Catalogue or Song, recent acquisition/bid prices for market transactions for comparable Catalogues, duration of the copyrights, quality of the Songs and other relevant factors as may be agreed between the Board and the Company’s independent valuer from time to time.

IFRS Net Asset Value

Under IFRS, the Group will consolidate all of its subsidiaries and the value of the gross assets of the Group will be calculated by reference to amortised cost for the purchase of Catalogues and Songs. The Company will calculate the IFRS NAV by reference to the value of its gross assets from which all liabilities will be deducted (including accrued but unpaid fees) in accordance with the accounting policies adopted by the Board.

Suspension of the calculation of Net Asset Values

The Directors may at any time, but are not obliged to, temporarily suspend the calculation of the Net Asset Values if:

- (a) there are political, economic, military or monetary events or any circumstances outside the control, responsibility or power of the Board, and disposal or valuation of investments of the Company or other transactions in the ordinary course of the Company's business are not reasonably practicable without material detriment to the interests of Shareholders;
- (b) there is a breakdown of the means of communication normally employed in determining the calculation of the Net Asset Values; or
- (c) it is not reasonably practicable to determine the Net Asset Values on an accurate, fair and timely basis.

Any suspension in the calculation of the Net Asset Values will be notified through a RIS as soon as practicable after such suspension occurs.

In the event that the calculation of the Net Asset Value is suspended as described above, trading in the Shares on the Premium Segment of the Main Market and the listing of the Shares on the Official List may also be suspended.

8. DISCOUNT CONTROL PROVISIONS

Continuation resolutions

The Directors will propose an ordinary resolution that the Company continues its business as a closed-ended investment company (a "**Continuation Resolution**") at the first annual general meeting of the Company following the fifth anniversary of Admission. If the Continuation Resolution is passed, the Directors will put a further Continuation Resolution to Shareholders at the annual general meeting of the Company every five years thereafter.

If a Continuation Resolution is not passed, the Directors are required to put forward proposals for the reconstruction, reorganisation or winding-up of the Company to the Shareholders for their approval within six months following the date on which the relevant Continuation Resolution is not passed. These proposals may or may not involve winding-up the Company or liquidating all or part of the Company's then existing portfolio of investments and, accordingly, failure to pass a Continuation Resolution will not necessarily result in the winding-up of the Company or liquidation of all or some of its investments.

Share purchases and buy backs

The Directors will consider repurchasing Shares in the market if they believe it to be in the Shareholders' interest as a whole and as a means of correcting any imbalance between supply and demand for the Shares.

The timing, price and volume of any buy back of Shares will be at the absolute discretion of the Directors and is subject to the Company having sufficient working capital for its requirements and surplus cash resources available. Shares acquired pursuant to this authority are subject to compliance with the solvency test and any other relevant provisions of the Companies Law.

The Directors have been granted general authority to purchase in the market up to 14.99 per cent. of the number of Shares in issue immediately following Admission with such authority expiring at the conclusion of the Company's first annual general meeting ("**AGM**"). The Directors intend to seek annual renewal of this authority from the Shareholders at the Company's AGM.

In the event that the Board decides to repurchase Shares, purchases will only be made through the market for cash at prices not exceeding the last reported Net Asset Value per Share and such purchases will only be made in accordance with: (a) the Listing Rules, which currently provide that the maximum price to be paid per Share must not be more than the higher of: (i) five per cent. above the average of the mid-market values of the relevant Shares for the five Business Days before the purchase is made; or (ii) the higher of: (1) the price of the last independent trade; and (2) the highest current independent bid for a Share on the trading venues where the market purchases by the Company pursuant to the authority

conferred by that resolution will be carried out; and (b) the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time.

Shareholders and prospective Shareholders should note that the purchase of Shares by the Company is entirely discretionary and no expectation or reliance should be placed on the Directors exercising such discretion on any one or more occasions.

Shares purchased by the Company may be cancelled or held in treasury (or a combination of both). Shares may be reissued from treasury but not at a price per share which would be less than the last reported Net Asset Value per Share at the relevant time.

Treasury Shares

The Company is permitted to hold Shares acquired by way of market purchase in treasury, rather than being obliged to cancel them. A maximum of 10 per cent. of the Shares in issue at the relevant time may be held in treasury. Such Shares may be subsequently cancelled or sold for cash. Holding Shares in treasury would give the Company the ability to sell Shares from treasury quickly and in a cost-efficient manner, and would provide the Company with additional flexibility in the management of its capital base. However, the issue of Shares from treasury will be subject to the Articles and the provisions relating to rights of pre-emption contained therein, further details of which are referred to in paragraph 9 of this Part II (*Information on the Company*) of this Prospectus.

9. FURTHER ISSUES OF SHARES

The Directors will have authority to allot further Shares following Admission. Further issues of Shares will only be made if the Directors determine such issues to be in the best interests of Shareholders and the Company as a whole. Relevant factors in making such determination include the Company's performance, the discount/premium at which the Shares trade to the prevailing Net Asset Value per Share, perceived investor demand and investment opportunities. Shares will only be issued at prices per Share which, after taking into account any placing commission payable in respect of such issues, are not less than the last reported Net Asset Value per Share.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the allotment of Shares. The Articles do, however, contain pre-emption rights in relation to allotments of Shares for cash, although such pre-emption rights will be disapplied in respect of up to 1 billion Shares or C Shares (such figure to include the Shares issued pursuant to the Issue) for a period concluding immediately prior to the annual general meeting of the Company to be held in 2022 (or, if earlier, 5 years from the date of the passing of the resolution disapplying such pre-emption rights) so as to assist the Company in managing market demand for Shares through the issue of further Shares. The Directors intend to request that the authority to allot Shares on a non-pre-emptive basis is renewed at the AGM of the Company to be held in 2022 and at each subsequent AGM of the Company.

C Shares

The Articles contain provisions that permit the Directors, subject to Companies Law, to issue C Shares (also known as convertible shares) from time to time. C Shares convert into Shares only when a specified proportion of the net proceeds of issuing such C Shares have been invested in accordance with the Company's Investment Policy (prior to which the assets of the Company attributable to the C Shares are segregated from the assets of the Company attributable to the other classes of Shares). The issue of C Shares would therefore permit the Board to raise further capital for the Company whilst limiting any dilution of investment returns for existing Shareholders which might otherwise result.

Performance Shares

To the extent permissible by applicable law and the Articles, where the Company has sufficient authority to allot Shares and the Shares are trading at a premium to NAV, the Company's obligation to pay the Performance Fee will be satisfied by issuing new Shares to the Investment Adviser in such aggregate value, calculated by reference to the Net Asset Value per Share, as is equal to the Performance Fee due ("**Performance Shares**"). For more

information on the terms and conditions of the issue of Performance Shares, prospective investors should refer to the paragraph entitled “Fees and Expenses” in Part V (*Directors and Administration*) of this Prospectus.

Acquisitions

The Company may acquire Songs or Catalogues for consideration consisting of cash, Shares or a combination of cash and Shares and part of the consideration may be on deferred terms.

10. DISCLOSURE OBLIGATIONS

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) (“**DTR 5**”) of the Financial Conduct Authority Handbook apply to the Company on the basis that the Company is a “non-UK issuer”, as such term is defined in DTR 5. As such, a person is required to notify the Company of the percentage of voting rights it holds as a holder of Shares and/or C Shares or holds or is deemed to hold through the direct or indirect holding of financial instruments falling within DTR 5 if, as a result of an acquisition or disposal of Shares and/or C Shares (or financial instruments), the percentage of voting rights reaches, exceeds or falls below the relevant percentage thresholds being, in the case of a non-UK issuer, 5, 10, 15, 20, 25, 30, 50 and 75 per cent. The Directors have, however, determined that, pursuant to the Articles, DTR 5 should be deemed to apply to the Company as though the Company were a UK “issuer” as such term is defined by DTR 5. As such, the relevant percentage thresholds that apply to the Company are 3, 4, 5, 6, 7, 8, 9, 10 per cent. and each 1 per cent. threshold thereafter up to 100 per cent., notwithstanding that in the absence of those provisions of the Articles such thresholds would not apply to the Company.

11. NON-MAINSTREAM POOLED INVESTMENTS

The Company confirms that it conducts its affairs and intends to continue to conduct its affairs, so that the Shares will be “excluded securities” under the FCA’s Conduct of Business Sourcebook. This is on the basis that the Company, which is resident outside the EEA, would qualify for approval as an investment trust by the Commissioners for HMRC under sections 1158 and 1159 of the Corporation Tax Act 2010 if resident and listed in the United Kingdom. The Shares will not, therefore, be non-mainstream pooled investments. Accordingly, promotion of the Shares will not be subject to the FCA’s restriction on promotion of non-mainstream pooled investments.

12. ELIGIBILITY FOR INVESTMENT BY UCITS OR NURS

The Company has been advised that the Shares should be “transferable securities” and, therefore, should be eligible for investment by UCITS or NURS on the basis that: (i) the Company is a self-managed, closed-ended investment company incorporated in Guernsey which is subject to the corporate governance mechanisms of Guernsey company law; and (ii) the Shares are to be admitted to trading on the Premium Segment. The manager of a UCITS or NURS should, however, satisfy itself that the Shares are eligible for investment by that UCITS or NURS, including the factors relating to that UCITS or NURS itself, specified in the Collective Investment Scheme Sourcebook of the FCA Handbook.

PART III: MARKET BACKGROUND, INVESTMENT STRATEGY AND APPROACH

This Part III (*Market Background, Investment Strategy and Approach*) of this Prospectus contains the Investment Adviser's current assessment of a complex and evolving market by reference to which the Company has adopted its Investment Policy, and also sets out the investment strategy and approach which the Investment Adviser and the Board will follow when implementing the Investment Policy.

1. MARKET BACKGROUND

1.1 Introduction

Intellectual property is the framework which underpins the economics of the music industry and copyright is the currency of that framework. The economic value of music flows from the copyright associated with original works, their performance and dissemination and the royalties which accrue from these events. These rights shape and underpin the multiple commercial deals that take place within the music industry every day. The rights associated with copyright ownership are defined within national copyright laws which are, in large part, shaped by international treaties. Copyright law establishes the rights conferred on songwriters of original works, and those who perform them, as well as those who support their widespread dissemination (i.e. record companies and broadcasters).

Copyright protection arises once a musical work has been created. A musical work constitutes musical notes (with lyrics, where relevant) written down, arranged or recorded and exploitation of musical notes, lyrics or works triggers the payment of royalties. Unlike other forms of intellectual property, music royalties have a strong linkage to individuals. There is no formal obligation to register a work with a national authority, although in some countries, such as the U.S., registering a work with the U.S. Copyright Office enables the copyright owner to claim a higher level of damages against someone who is found to have infringed that copyright and to recover legal costs. The Company intends to register the musical works it owns in order to protect its copyright ownership.

Royalty payment obligations are based on the value of music sales. Royalties will accrue to a songwriter, as owner of the copyright in the Song, or a subsequent owner of the copyright (e.g. the Company), when that Song is played, published or used (as further detailed below).

Royalties have historically been regarded as investable assets due to their attractive, consistent and protected cash flows and the fact that those returns are uncorrelated to equity or fixed income markets. These income streams are protected by copyright law. For example, in the UK and as at today, copyright in written, dramatic and musical work endures for 70 years after the death of the last co-songwriter, and copyright in a sound and music recording endures for 70 years from first production. The appeal of royalties as an investment has increased significantly as the majority of all hit Songs are now co-written by someone other than the recording artist. As such, it might be argued that there exists currently an "era of the song" rather than it being an "era of the artist". With the rise in televised talent shows, increase in cover bands and cover versions of Songs and increased usage of music in everyday lives, ownership of the copyright to a proven song can result in steady royalty payments. It is estimated that 630 million audio streams of music are consumed per day by the U.S. population.

An investor typically pays a fixed amount to the songwriter (or a subsequent owner of the copyright) to acquire the copyright in Songs. This entitles the investor to receive the corresponding royalty payments either for the duration of the copyright or for some lesser specified period.

Global recorded music revenues peaked historically in 1999 at U.S.\$29 billion after which there was a 15 year decline, with a corresponding decline in royalty income for songwriters, which occurred as a result of value destruction led by piracy.

In recent years, significant evolutionary changes in the global music industry driven by technology disruption have dramatically altered the position. Primarily attributable to a rapid transition from an era of piracy and illegal downloading to one of chargeable streaming and cloud-based services, commentators estimate that the downward revenue trend has been reversed so as to position the industry at a tipping point where revenues are rising and could by 2027 once again have reached their 1999 peak levels (in nominal terms). In 2016 there

was an 8.1 per cent. increase in U.S. retail spending on music, a 57 per cent. increase in U.S. streaming revenues and a 112 per cent. increase in U.S. streaming subscriptions.⁶ The popularity of DSPs is underscored by recent, and projected, increases in paid streaming subscribers: (i) Spotify had 50 million paid subscribers worldwide as at March 2017 as compared with 15 million in March 2015; (ii) Apple Music is reported to have over 27 million paid subscribers as at June 2017, as compared with approximately 20 million as at December 2016; and (iii) commentators predict that there will be 950 million paid streaming subscribers by 2022.

In addition, the payouts to songwriters or copyright owners have increased. For example, from Spotify alone, Ed Sheeran's new album *Divide* has earned over £10 million in combined royalties for the songwriters since it was released in March 2017.

There currently exists an opportunity to acquire Catalogues containing proven evergreen Songs at prices which the Investment Adviser considers to be attractive having regard to the long term royalty revenue potential of the underlying Songs. This is due to the potential upside from the growth in streaming not being fully reflected in the historical royalty receipts which form the basis for the valuation of Catalogues.

There are high barriers to entry in relation to the acquisition and active management of Catalogues. The Investment Adviser believes, however, that the market experience, reputation and relationships of the Investment Adviser's Team and its Advisory Board should enable it to overcome those barriers and position the Company as an attractive potential purchaser of Catalogues from songwriters or assorted owners of music intellectual property rights who are selective to whom they are willing to sell. Further, the Investment Adviser believes that the combination of its expertise and the expertise of the portfolio administrators the Company intends to work with on its recommendation, will result in the Company being well-positioned to manage the Songs it owns successfully, increase royalty collection, improve the speed and accuracy of collection of royalty income, and improve synch placement of the Songs.

All of the major music publishing houses are reporting strong growth in revenues and attributing this to streaming growth. In 2016, Warner Music Group, parent of Warner Chappell, posted its best results in 8 years and has just announced it is now receiving over U.S.\$75 million of royalty income per month just from streaming.

Further, Vivendi, which owns Universal Music Group had valued Universal Music Group at U.S.\$8 billion in 2013. Vivendi recently announced that it had rejected a U.S.\$15 billion offer for that business in 2015, and Vivendi has since stated that it values that business at U.S.\$22 billion.

1.2 Recent factors influencing the market for royalties

Music revenues are on an upward trend

After a 15 year decline in music revenues influenced by piracy and illegal downloading, global revenues from recorded music increased marginally in 2015 and are now considered by many industry commentators to be on an upward trend. Certain commentators forecast that by 2027 revenues will once again have reached the previous peak of 1999 (in nominal terms). Total global music spend is forecast to be in excess of U.S.\$100 billion in 2030 as compared to approximately U.S.\$50 billion in 2015.

Growth driven by streaming revenues

Music streaming has driven the recent growth in recorded music revenues as the music industry continues to embrace the technology which caused it great damage in the first decade of this Century. The global uptake of broadband and mobile technology, the global penetration of new technology and the proliferation of social networking sites have made music more accessible than ever before. DSPs allow listeners to play music of their choice without the need to download it first. The DSPs pay royalties to the copyright owners of the Songs played via the premium and free service the DSP's platforms. The establishment and growth of DSPs such as Spotify, Apple Music, Tidal, Deezer and Pandora, coupled with innovation in mobile technology, has transformed the way in which music can be accessed. The Investment Adviser believes that the advent of streaming is the single most significant positive change in the music industry since the launch of the Sony Walkman in 1979.

⁶ RIAA, News and Notes on 2016 Mid-Year RIAA Music Shipment and Revenue Statistics (10 September 2016)

These streaming revenues are substantially replacing revenues from the sale of physical recordings and permanent download revenues. Global Streaming revenues are expected to exceed other recorded music revenues for the first time in 2019 and have been projected to rise from U.S.\$1.4 billion in 2015 to U.S.\$14.1 billion by 2030. By contrast, permanent download revenues have been projected to fall from U.S.\$1.5 billion in 2015 to U.S.\$0.2 billion by 2030.

The popularity of music streaming is accelerating. In 2016, the share of U.S. music revenues attributable to streaming was 51 per cent. as compared with 9 per cent. in 2011.⁷ The value of paid streaming subscriptions in the U.S. multiplied almost four times between 2013 and 2016.⁶ In 2016, there was a 57 per cent. increase in U.S. streaming revenues and a 112 per cent. increase in U.S. paid streaming subscriptions.⁶ Streaming revenues globally, which stood at 3 per cent. of total music revenues in 2015, are forecast to grow to 14 per cent. of total music revenues by 2030. Mass market penetration is widely expected to occur, commentators predict that there will be 950 million paid streaming subscribers by 2022.

Further advances in technology aimed at simplifying streaming and increasing ease of use can reasonably be expected to drive growth in streaming revenues. Advances in technology have also provided access to particular categories of customers and opened up potentially attractive new markets. For example, older users of the internet (known as “silver-surfers”), have proved to be a lucrative source of additional income. They increasingly purchase music online whereas they may not have gone into high-street stores to buy physical music records or CDs.

Many commentators in the industry advocate that as the Song is no longer restricted by formats used by the record industry, this provides opportunities for new partnerships to monetise the use of music. The delivery of a direct-to-consumer personalised service with music as a key constituent is increasingly being established as a revenue source with “build-your-own playlists” or “favourites” indicating this is a marketplace that can be monetised further.

Synchronisation usage and other technological advances

A songwriter may be able to realise further revenues from their Songs by licensing them for use in films, advertisements, TV shows, video blogs or video games. This is known as synchronisation, a phrase which dates back to the early days of the “talkie” films, when music was first synchronised with film. There is a growth in revenues from synchronisation primarily driven by the increase in DSPs, multimedia sales of films and TV shows through DVDs and the continued growth in popularity of video games. Publishers are also entitled to participate in any synchronisation fee, and any split will depend on the ratio negotiated between the songwriter and the publisher. The Company will, however, seek to acquire both the songwriter’s and publisher’s share of the rights to the synchronisation fee and therefore typically the synchronisation fee will not have to be split.

Advertising agencies have historically used music to create brand awareness. For example, an advertisement in 1989 for Lucozade featured the Olympic decathlete Daley Thompson to a backdrop of the music of Iron Maiden was viewed by some commentators as having both repositioned that soft drink and launched the highly valuable energy drinks market. A more recent example of this is the John Lewis’ Christmas advert, which has become known for its chosen background song. This is often a cover of a popular, older song. The YouTube clip of John Lewis’ 2016 “Buster” advert has received over 25 million views, each of which generated a royalty payment for the songwriter and the publisher. The advert included a cover of Randy Crawford’s 1980s hit “One Day I’ll Fly Away”, demonstrating the potential to drive revenues from old Songs. Previous covers include: (i) Keane’s 2004 hit “Somewhere Only We Know”, which was covered by Lily Allen and used in John Lewis’ 2013 advert; and (ii) the lesser known John Lennon song, “Real Love”, covered by Tom Odell and used in John Lewis’ 2014 advert. The 2014 advert is a good example of using a lesser-known Song from an established recording artist to generate revenues by way of granting a licence to a popular modern recording artist to cover the Song, and then using it in a popular advertisement.

7 RIAA, News and Notes on 2016 Shipment and Revenue Statistics (2016).

Synchronisation can also benefit emerging recording artists where management of their Songs through active placement can generate significant income even in the early stages of a career. An example of this is the Tom Odell cover of John Lennon's song in the John Lewis advert, referred to above. Further, The Americanos, a new group managed by Hipgnosis Music Limited ("**Hipgnosis Music**") (a company founded by Mr. Mercuriadis in 2015), had one of their Songs placed as the theme tune for the TV show "Shahs of Sunset", which is entering into its sixth season, providing total synch revenues in excess of U.S.\$240,000.

The Investment Adviser will be using its extensive network of relationships with broadcasting networks, TV studios and advertising agencies to create synchronisation opportunities for the Company and enable it to increase its income. Having a diversified Portfolio of Songs will enable the Company to capitalise on multiple synch opportunities.

Typically songwriters will be protective over the use of their Songs. Accordingly, even if they want to sell they will be very selective about who they sell to. They will want to know the buyer understands their values and will treat their songs with respect. This plays into the hands of the Investment Adviser in being able to secure opportunities to invest in "off market" Catalogues for the Company, due to its strong industry relationships and experience.

Cover versions and sampling

It is estimated that there may be in excess of 2,200 recorded versions of the Beatles' Song, "Yesterday", with royalties being payable in respect of each to the songwriters, Sir Paul McCartney and John Lennon pursuant to the copyright law that protects songwriters. Popular contemporary recording artists frequently cover older songs. For example, Mark Ronson and Amy Winehouse's version of "Valerie" generated substantially greater sales and downloads than the original version recorded slightly earlier by its songwriters The Zutons, who nevertheless earned royalties from both versions of the Song. Equally, Leonard Cohen's song "Hallelujah", covered by Jeff Buckley in 1994, also benefited from a placement in the film "Shrek". It has now been covered over 90 times and finally entered the American Billboard Hot 100 in 2016, 32 years after it was written.

Where a mainstream recording artist samples or interpolates part of a Song, it is common for that recording artist to obtain prior authorisation from the songwriters or publishers of that Song. Parties typically negotiate a payment for the use of such a sample, either by way of a one-off payment or a share of the future royalties. However, payments are not necessarily agreed before a Song is sampled or interpolated. On occasion payments are agreed at a later date by way of settlement, particularly where a sample has been used without the songwriter's prior permission. For example, Vanilla Ice sampled the bassline of the 1981 Song "Under Pressure" by Queen and David Bowie in his hit Song, "Ice Ice Baby". Vanilla Ice, whose real name is Rob Van Winkle, claimed in a 2006 interview that he subsequently paid Freddie Mercury and David Bowie an undisclosed sum and added their names to the credits of the Song. In March 2017, Ed Sheeran added the co-songwriters of TLC's "No Scrubs", Kandi Burruss and Tameka Cottle, its producer, Kevin Briggs, to the writing credits of his recent hit Song "Shape of You", following reports of a similarity in lyrical rhythm between the two Songs. As co-songwriters, Kandi Burruss, Tameka Cottle and Kevin Briggs will now be entitled to an undisclosed share of past and future revenues due in respect of Ed Sheeran's hit Song.

New Growth Opportunities

There are a number of growth opportunities to capitalise on royalty income:

- (a) emerging markets: as the use of mobile technology continues to grow in these markets there will be significant opportunities to monetise musical royalty payments;
- (b) technology is improving the tracking, transparency and collection of royalties;
- (c) the expansion of music usage in social media; and
- (d) integration of DSPs into products, for example certain new BMW and Volvo cars are now pre-equipped with Spotify or Apple Music.

1.3 Music royalties, licence fees and advance payments

Royalty payments and licence fees

Royalty payments, whether negotiated individually or as part of industry-wide arrangements, are effectively licence fees for a permitted use of material which is subject to copyright.

As the owner of the copyright in a Song, a songwriter is entitled to a royalty publishing payment each time that Song is played, published or otherwise used. A songwriter's publishing royalty, the "**writer's share**", is distinct from the royalty payable to the publisher of that Song, the "**publisher's share**". Until such time as a songwriter enters into a publishing arrangement with a publishing company both the writer's share and the publisher's share will be paid to the songwriter. When administration or co-publishing arrangements come to an end the entire publisher's share will revert to the songwriter. Table 1, set out below, provides details of the different types of royalty payment that the Company can expect to receive.

Table 1: Music royalties and licence fees for song exploitation

Type of licence and associated royalty	Background	Explanation and How it works	Rates
Mechanical licences and royalties	<p>Originally, a recording was reproduced mechanically using mechanical piano rolls. The licence to reproduce the song on a sound recording is accordingly called a mechanical licence.</p> <p>This remains a major source of income for owners of copyright, and is triggered when a copy of a Song is made, whether physical (e.g. CDs, DVDs) or digital (e.g. permanent downloads, streaming, webcast);</p>	<p>If a record company wishes to record or reproduce a performance of a Song, it must obtain permission from the songwriter, the publisher or the person who administers the Song. The record company will then pay a licence fee to the owner of the rights in the song. The fee for this is the mechanical royalty.</p>	<p>This is either fixed by negotiation between representatives of the record and publishing companies in the country concerned or set by law or legal tribunal.</p> <p>In the UK, the current licence fee on physical CDs is 8.5 per cent. of the dealer price of the CD.</p> <p>In the UK, the mechanical royalty rate for digital downloads or streaming is 8 per cent. of gross revenues of the relevant DSP.</p> <p>In the U.S., the minimum statutory rate for mechanical royalties (both physical and permanent digital downloads) is set at 9.1 cents per composition or 1.75 cents per minute (for songs over 5 minutes).</p> <p>However, in the U.S., the royalties due when a Song is streamed are calculated by reference to an agreed proportion of the gross revenues earned by the relevant DSP. The Song copyright owners' proportion of the gross revenues is split between mechanical and performance royalties. Each element of the revenues is divided by the total number of plays across all Songs through the relevant DSP, with the Song copyright owner being paid a royalty per play of each Song.</p>
Synchronisation licences and fees	<p>This licence is called a synchronisation licence because it gives the right to synchronise music with visual images (e.g. TV and video games).</p> <p>Synchronisation fees have become much more important as a source of revenues with the rise in advertising agencies using music creatively to build brand loyalties.</p>	<p>An advertising agency, film/TV production company or other end customer will pay a synchronisation fee to the publisher or the owner of the copyright (depending on the arrangement).</p>	<p>In some countries, there is a fixed rate for synchronisation licences although in most cases, this is fixed on a case-by-case basis.</p>

Type of licence and associated royalty	Background	Explanation and How it works	Rates
Performance licences and royalties	This is the right to publicly perform or broadcast a song. This includes live concerts, playing music in shops, in restaurants, on the radio, on TV, and in clubs or bars. Songwriters will register with PRS or another PRO, recording their proportionate entitlement to the royalties which are due in respect of such performances.	Performance rights royalties largely come from licences taken out by broadcasters, shops, restaurants, clubs and bars etc. In the UK, these are known as “blanket licences” issued by PRS or another PRO.	The share of the royalty due to the songwriter members of PRS is paid out four times per year after the PRS (or other PROs) has deducted its administration fee. PRS will pay each songwriter based on the proportions recorded in PRS’s systems. The PRS rules require that at least six-twelfths (i.e. 50 per cent.) of the performing income is paid to the songwriter (or owner of the copyright in the Song) directly.
Print rights	Although not as significant today, there is also the right to issue licences for a song to be reproduced in printed form as sheet music.		
Grand Rights	This is the right to use songs in theatrical stage productions and musicals.		These deals may be based on a flat fee income and/or share of box office (and also may include income from spin-offs, e.g. cast albums).

In the U.S., the rates for interactive streams and limited downloads are determined by a number of factors, including: service offering type, licensee type, service revenues, recorded content expense, and applicable performance royalty expense. Against the background of the statutory royalty rates the DSPs, such as Spotify and Apple Music, have agreed medium term gross revenues sharing arrangements with the sound recording owners and the copyright owner of the relevant Songs (either directly with the songwriter/publisher or indirectly through the relevant PRO) under which the record companies and the songwriters and publishers receive specified proportions of each DSP’s gross revenues. The record companies currently receive around 58 per cent. and the Song copyright owners around 12 or 13 per cent. of those gross revenues, dependent on the DSP and the nature of the service: paid subscription, free or advertisement supported. The Song copyright owners’ portion of the gross revenues is then divided broadly equally between mechanical and performance royalties, with each element of the royalty revenues being divided by the total number of plays across all Songs through the relevant DSP so as to generate a royalty per play, which is then paid proportionately to the relevant Song copyright owners of each Song played.

For all countries that are signatories to the Berne Convention, an original work is protected for a minimum of 50 years after the songwriter’s death, but in other jurisdictions that figure can be 70 years or more. In the UK, US and Australia, copyright in most works (for example, written and musical) in a Song lasts for 70 years after the death of the songwriter or last living co-songwriter. Unpublished works may also attract different copyright rules. In the U.S., the copyright duration rules are more complicated for works created before 1978 or in respect of certain works. In addition, whilst the copyright duration in the UK for sound and music recordings is 70 years from first publication, copyright duration in sound and music recordings is more variable across other jurisdictions.

The Investment Adviser believes royalty rates are currently increasing. For example, YouTube is currently believed to be renegotiating the rates of royalties it pays to copyright owners where music is played in videos hosted on its platform.

Songs which perform well in the U.S. and the UK generally perform well internationally and generate royalties all over the world. This is in spite of the Song being in the English language. The songwriter may grant a licence for their work to be translated into different languages in return for a fee. Further, a combination of technology adoption and improved legal and regulatory environments for enforcement of intellectual property rights worldwide may be expected to lead to an increase in royalty revenues earned from other countries, including those which are currently emerging markets. In 2015, recorded music sales in

emerging markets accounted for only 10 per cent. of global recorded music sales and this share can be reasonably expected to increase. For example, Chinese online music users are projected to reach 570 million in 2018 as compared with 500 million in 2015.

Advance payments

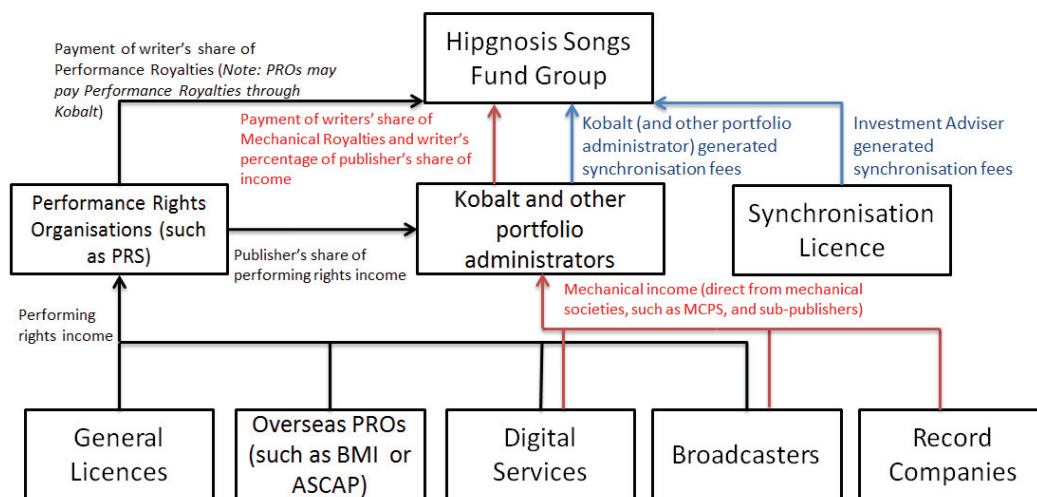
In the music industry a portfolio administrator may wish to make an offer to a songwriter to administer his or her Catalogue and, as part of that bid, will often offer to pay advances to songwriters. In such circumstances, the portfolio administrator will off-set the future royalties received in respect of such Song or Catalogue against the value of the advance payment. The advance payment is not normally refundable, provided that the songwriter fulfils their part of the contract, so if the Song or Catalogue fails to generate revenues above the value of the advance payment, the songwriter will not be obliged to repay the advance payment. Any royalties received above the amount of the advance payment will still be paid to the songwriter, after deduction of the portfolio administrator's fees. As such, advance payments are seen as upside-only, providing the songwriter with cash up-front, whilst ensuring that the songwriter will also benefit from any success the Song or Catalogue has over and above the value of the advance payment.

1.4 Capturing Royalties

Overview

The figure below sets out an overview of the various revenue streams that the Company expects to receive by way of mechanical royalties, performance royalties and synchronisation fees. It is expected that, following the acquisition of each Song, the Company will step into the songwriter's position with regard to the collection of their share of the royalties and payments (which could comprise their writer's share, their publisher's share and/or their performance rights) due in respect of each Song.

Figure 1: Flow of payments due to the Company



Following the acquisition of a Song, any of the Fund Entities will enter into a licence or other form of contractual relationship with various counterparties in relation to the royalty and other revenue streams in respect of each Song. These revenue streams are as follows:

- Performance royalties – these are collected by various performance rights organisations (“PROs”) worldwide which represent songwriters and other copyright owners;
- Mechanical royalties – these are collected by royalty collection agents or the portfolio administrators with whom the Company will contract; and
- Synchronisation fees – these are typically paid directly to the owner of the relevant copyright or its publisher, on the terms and in the amounts agreed with the relevant film or television production company, advertising agency or end customer.

Performance Rights Organisations

Performance Rights Organisations represent the rights and interests of songwriters and publishers. They collect royalties, create collection policies and set royalty rates for the use of music copyrights in the relevant jurisdiction. There are over 120 such rights organisations around the world and most of them have agreements and frameworks in place with each other.

A songwriter will, typically, sign up to only one PRO depending on the location of the songwriter or other personal circumstances or preferences. When a songwriter has contracted with a PRO, all of the songwriter's work goes through that PRO, which will collect, through their arrangements with other PROs, all performance royalties due from the territories covered by those other PROs for onward payment to the songwriter or to the owner of the copyright.

The performance rights organisation in the UK is PRS for Music, comprising PRS and MCPS. PRS collects and pays performance royalties to its members when Songs are broadcast on TV or radio, performed or played in public (whether live or through a recording) or streamed or downloaded. MCPS collects and pays mechanical royalties to its members when Songs are copied as physical products (such as CDs or DVDs), streamed or downloaded, or used as a synch in film, TV or radio. In the U.S., performance royalties are collected by a number of PROs, principally ASCAP or BMI, depending on where the songwriter or publisher registers the copyright to the Song.

The PRO will pay the writer's share of the performance royalties directly to the songwriter, or in this instance directly to the Company. The writer's share is typically 50 per cent. of the gross performance royalty as well as a percentage of the remainder, being the publisher's share of the performance royalty.

The Company intends to become a member of PRS, BMI and ASCAP following Admission, or otherwise obtain the benefits of membership contractually.

Royalties and fees due to the songwriter

Performance royalties

Performance royalties, the royalties due when a Song is performed live, is broadcast on TV or radio or is streamed through DSPs, are paid out on a fixed point value basis. Public performance royalties are calculated and distributed on a census basis and sample basis. This value is based on the outlet and the duration of the performance. In the UK, PRS for Music represents members in respect of their performing rights, seeking payment whenever a piece of music is performed or played in any public space or outside of the home.

Mechanical royalties

Mechanical royalties are due when a Song is copied, for example by way of a CD being manufactured. A permanent digital download, or a play of a Song through a DSP, is also a copying of the Song for these purposes. Certain mechanical royalties, known as broadcast mechanical royalties, are also paid on a fixed point value basis. The amounts due to the songwriter will depend on the country in which the royalty is triggered. The amount and terms on which other mechanical royalties are paid varies depending on the type of mechanical royalty. An illustration of the payments due in respect of streaming and downloads are set out in Figure 1 above.

In the UK, MCPS represents its members in respect of their mechanical rights and is responsible for collecting the royalty due whenever a piece of music is reproduced as a physical product. The licensing of MCPS rights is handled by PRS for Music. The major DSPs including YouTube, Apple Music and Spotify, are likely to be licensed on behalf of the Company on a collective basis by PRS and MCPS (in the UK) with the relevant licences covering the utilisation of the Company's Songs by the DSPs across Europe. Smaller DSPs are licensed on behalf of the Company by PRS and MCPS on a local basis. PRS will deduct an administration fee from the Company's share of the relevant royalty. This fee is then split between PRS for Music and MCPS depending on the type of service. For permanent downloads, for example, MCPS receives 75 per cent. of the fee and PRS for Music receives 25 per cent. whereas for on-demand DSPs (such as Spotify), each of MCPS and PRS for Music receive 50 per cent. of the fee. This licence fee is then paid to the relevant songwriter or publisher, less any administration fee that is retained by PRS for Music (which can range from 2 to 20 per cent., depending on the scope of PRS's role in collecting the royalties). In

the United States, BMI and ASCAP collect royalties on a similar basis to PRS and MCPS. In the U.S. there is a set mechanical royalty rate of 9.1 cents per Song for a permanent download or physical sale.

Collection of royalties payable in respect of DSPs and digital sales

DSPs pay both performance royalties and mechanical royalties every time a Song is streamed. This is because the streaming of a Song is treated as both: (i) a public performance of that Song (similar to the airing of a Song on the radio); and (ii) the making of a copy of that Song (similar to Songs being included in a CD). Accordingly, DSPs are required to pay the performance royalties due, through the relevant local PRO, and the mechanical royalties due, through the relevant portfolio administrator or PRO. For mechanical royalties, the process is similar in most countries worldwide: the retailer (such as iTunes, Spotify or Amazon) will pay the mechanical royalty due to the relevant portfolio administrator or PRO for each Catalogue or Song.

Synchronisation fees

Synchronisation fees, being fees due to the owner of the copyright when a Song is used in a synch (for instance, when music is used in a TV or radio advertisement or as the soundtrack of a video game, or at a corporate event), are negotiated directly between the copyright owner or their publisher, and the licensee. With respect to the Company, such negotiations will usually be undertaken by the Investment Adviser acting on behalf of the Company. The Company will also grant Kobalt permission on a non-exclusive basis to negotiate synchronisation opportunities and fees. Typically, synchronisation fees are paid directly by the licensee without involvement of a rights society.

Timing for collection and payment of royalties

Payment of performance royalties

Performance royalties are paid to a PRO from the underlying end-user, whether that is a radio station, TV station, concert hall or a DSP. The frequency of such payments from the end-user will depend on the relationship with the PRO and varies between end-users. In many circumstances, royalty payments are accrued by the end-user on a quarterly basis and paid to the PRO the following quarter. However, it is not uncommon for PROs to be paid on a less frequent basis. Certain end-users, such as broadcasters, would pay royalties to PRS across a negotiated, blanket licence, for a fixed term (which is typically for a 12-month period), rather than accruing royalty payments on a quarterly basis. The amount received from PRS, for example, for the duration of such a licence is then paid to the songwriter or publisher applying the relevant fixed point values, and are reconciled following the end of the licence term.

Once a PRO has received a performance royalty from the broadcaster, DSP or overseas PRO, it will account for the writer's share of that performance royalty in the proportions set out against each songwriter or copyright owner for each Song on the PRO's system. Each PRO will accrue the performance royalties due to a songwriter, aggregated across all Songs on that PRO's system, and pay those performance royalties to the relevant party on a regular basis. The frequency of the payments depends on the accrual policy of the relevant PRO as set out in Table 2 below. PRS, for example, accrues performance royalties four times a year, and pays the writer's share four times a year.

Table 2: The 2017 payment schedules for PRS, BMI and ASCAP

	PRS	BMI	ASCAP
Period	January – March 2017	Oct. 2016 – March 2017	January – March 2017
Payment Dates	TV: July 2017 Radio*: July 2017 Online: October 2017	September 2017	September**/October 2017
Period	April – June 2017	January – June 2017	April – June 2017
Payment Dates	TV: October 2017 Radio*: October 2017 Online: December 2017	January 2018	Dec. 2017**/Jan. 2018
Period	July – September 2017	April – September 2017	July – September 2017
Payment Dates	TV: Dec. 2017/April 2018*** Radio*: December 2017 Online: April 2018	March 2018	March**/April 2018
Period	Oct. – December. 2017	July – December 2017	Oct. – December 2017
Payment Dates	TV: April 2018 Radio*: April 2018 Online: July 2018	June 2018	June**/July 2018

* includes all performances on the radio, cinema, live (except concerts), background music and music channels.

** denotes the payment date for the publishing rights whereas all other payment dates are in relation to the payment to the songwriters or the owners of the copyright.

*** performances in September 2017 will be paid in April 2018.

Payment of mechanical royalties

For physical copies of music, mechanical royalties are triggered every time a copy of a Song is made, such as through the manufacturing of a CD. In order to copy the Song in this manner, the manufacturer must possess the relevant licence. The payment obligation is typically triggered upon the manufacture of the product, and is calculated by reference to the volume of the product which is to be distributed to the retailer.

For downloads and digital streaming, the mechanical royalty becomes due when a copy of the master is made from the DSP's server and is transmitted to the purchaser as a permanent download or by way of streaming.

Once the portfolio administrator has been paid the mechanical royalty by the relevant broadcaster, DSP or record company, it will accrue such royalties for each Song in the proportions set out against each songwriter on the relevant portfolio administrator's system. The frequency with which the portfolio administrator will pay the songwriter or copyright owner will vary between portfolio administrators. Some portfolio administrators will accrue mechanical royalties on a six-monthly basis and will typically account to the songwriter or copyright owner within three months following the expiration of such period. Other portfolio administrators, such as Kobalt, offer a more frequent accrual and payment service. In addition, Kobalt will allow songwriters and copyright owners access to its platform so as to track the mechanical royalties due on a Song weekly.

The Company intends to appoint a number of portfolio administrators and royalty collection agents to manage the collection of mechanical royalties (and in certain circumstances, performance royalties) across different jurisdictions. In the UK, the Company will register with MCPS with respect to the collection of mechanical royalties. The Company will enter into a master portfolio administration agreement with Kobalt, further details of which are set out in paragraph 5.3 of Part VIII (*Additional Information*) of this Prospectus.

Payment of advances

As described in paragraph 1.3 of this Part III (*Market Background, Investment Strategy and Approach*) of this Prospectus, occasionally advance payments are paid by portfolio administrators to the songwriter, and the Company may take advantage of such arrangements. In such circumstances, the owner of the copyright would be paid an agreed amount by the portfolio administrator on entering into an agreement and the portfolio administrator would offset any royalties or payments it receives from the DSPs, record companies or broadcasters against such advance payments over the duration of the contract. Accordingly, the delays which the copyright owner would experience before receiving royalty payments as described above would be mitigated. To the extent that the offsetting payments

ultimately prove to be less than the advance, any excess is not recoverable by the portfolio administrator and any excess in royalty payments above the advance amount will be paid to the benefit of the copyright owner.

Payment of synchronisation fees

Given that synchronisation fees are paid in accordance with the terms of each individual licence agreement entered into between the copyright owner or publisher and the end-user, the timing and frequency of such payments vary between synchronisation deals. Such arrangements could require the end-user to pay the agreed licence fee: up-front, on airing of the production, or before the programme/film is produced (or in the case of a video game, before the product is manufactured), depending on the type of product, profile of the recording artist and licence that is granted. Synch licences are granted for a set term. The terms of renewal of a synch licence are typically agreed at the time of granting the original synch licence.

The Investment Adviser will, in accordance with the terms of such licence, monitor payments made by the end-user to ensure that they are made on time.

1.5 Valuation of royalties

Catalogues are typically valued based on a multiple of the normalised historical revenues, calculated after deduction of all payments due to the existing royalty collection agents and portfolio administrators, together with any other relevant adjustments. The multiple is applied on three to five years of historical normalised revenues for evergreen/mature Catalogues, but for newer Catalogues, some purchasers may look at one year forecast revenues. A purchaser will also give consideration to other factors such as spread of income generated by Songs in the Catalogue, length of copyright and opportunities to increase revenues from underperforming Songs.

Current valuations are attractive because, set against the background of the factors influencing revenues described in the preceding and following sections of this Part III (*Market Background, Investment Strategy and Approach*), the Investment Adviser believes that current valuations of Catalogues do not fully recognise the inherent value and enhanced medium to long-term earnings potential of these Catalogues. Those earnings will reflect a range of factors such as: the increasing use of the Songs; the growth of streaming; improved collection; access to emerging markets; new technology using music (e.g. virtual reality); and increasing synch usage.

2. INVESTMENT STRATEGY AND APPROACH

2.1 Investment Strategy

The Investment Adviser is responsible for identifying Catalogues for potential investment by the Company, in accordance with the Company's Investment Policy and subject to approval by the Board. Pursuant to the Investment Advisory Agreement, the Investment Adviser will also be responsible for the ongoing management of Songs acquired by the Company with a view to increasing royalty income and collection as well as developing strategies to maximise the earning potential of a Song through improved placement and usage, and regular supervision of portfolio administrators and royalty collection agents, subject to the oversight of the Directors.

The Investment Adviser believes that a combination of its expertise in selecting and managing Songs and cooperation with Kobalt, as the Company's preferred portfolio administrator, should enable attractive returns to be realised from the Songs the Company acquires. The Investment Adviser believes that the Company will have a competitive advantage over most of the major publishers because the Company will be advised by the Investment Adviser and its Advisory Board, a carefully assembled panel of leading music industry figures, from recording artists to songwriters, producers to managers, and lawyers to consultants, who the Investment Adviser believes are better placed to advise on any given Song's potential market, reach and popularity. The Investment Adviser believes that its relationships are key to sourcing Catalogues and synch opportunities. The Investment Adviser's Team will also have a lower ratio of Songs to each individual in the team managing the Songs, thereby, in the opinion of the Investment Adviser, allowing the Investment Adviser to target synchronisation opportunities more effectively.

The Investment Adviser is seeking to identify Catalogues which include Songs with the following characteristics:

- proven evergreen, delivering royalty income for numerous years;
- culturally influential and therefore likely to be continuously played and/or covered by new recording artists;
- under-exploited and for which the Investment Adviser has identified potential synch or cover opportunities; and
- offering upside from improving the administration of collection of the royalty income.

As further disclosed in paragraph 3 of Part II (*Information on the Company*) of this Prospectus, the Investment Adviser believes that its extensive experience across a broad spectrum of music genres, together with its relationships with songwriters and recording artists in the music industry, means it is well positioned to overcome the high barriers to entry and source opportunities for the Company to invest in a diverse range of attractive Catalogues and then assist the Company in maximising earnings from them.

The Investment Adviser has identified a number of “off-market” Catalogues through its network of relationships. The Investment Adviser is undertaking due diligence on, or is in advanced discussions for the Company, subject to Board approval, to acquire, nine Catalogues. Any investment by the Company in such opportunities is subject to approval by the Board.

Acquiring attractive Catalogues with upside potential

The Investment Adviser plans to follow a diligent approach to sourcing potential Catalogues for acquisition by the Company, which will include careful assessment of the underlying Songs. Once the relevant Catalogues have been acquired by the Company, the Investment Adviser will pro-actively manage the Songs on an ongoing basis so as to maximise their earning potential through improved placement and usage.

The Investment Adviser will actively manage the Songs acquired by the Company by promoting them for synchronisation usage, the fees from which will be managed through dedicated, experienced “synch manager” staff, employed by the Investment Adviser.

The Investment Adviser believes that it can help create a competitive advantage for the Company over most of the major music publishers by having a smaller Portfolio of Songs to manage per synch manager. On the basis that the Pipeline Catalogues are acquired in the manner and timeframe detailed in paragraph 3 of Part II (*The Company*) of this Prospectus, each synch manager is expected to oversee approximately 300 Songs, rather than a much higher figure which, in the Investment Adviser’s experience, is the standard practice elsewhere in the music industry. As a result of managing relatively fewer Songs, each manager will be able to focus on each Song in order to extract more revenues from it and invest more time into key relationships with recording artists, songwriters, producers, studios, platforms and potential businesses who may wish to use a particular Song for an upcoming commercial, film, TV show (whether this be through conventional, terrestrial DSP means or via online video streaming services, such as YouTube). The Investment Adviser believes that this increased focus, and tailored marketing on a more granular level, will generate more plays and more interest for the Songs. This is part of a strategy for increasing long term value by tailoring the Catalogue to fit the new requirements of popular culture and media, including social and virtual reality platforms.

The Investment Adviser intends to exploit all variations of potential synchronisation opportunities, from placing Songs in commercials, popular TV shows and films to encouraging popular recording artists to cover older Songs within a Catalogue. The Investment Adviser will seek to source Catalogues for the Company which it believes contain Songs which have been overlooked, or Songs that do not have strong, historic revenue figures but for which the Investment Adviser sees potential synchronisation opportunities. This is an area that the Investment Adviser sees as upside-only: identifying little known or unpopular Songs within Catalogues acquired by the Company and generating a fresh revenue stream from them. The Investment Adviser will leverage its expertise and deep relationships, and will utilise the innovative technology and business relationships of Kobalt, in order to pursue these synchronisation opportunities.

The Company may acquire Songs or Catalogues for consideration consisting of cash, Shares or a combination of cash and Shares and part of the consideration may be on deferred terms. The deferred consideration would be: (i) conditional upon the Song or Catalogue achieving certain specified milestones; or (ii) related to the fair market value of the Song or Catalogue. Such a strategy would seek to reduce the Company's exposure to Catalogues that do not perform as well as forecasted, by reducing the amount the Company pays up front.

Once the Company has acquired a Song, the Investment Adviser will then actively manage and promote that Song on an ongoing basis. By owning the publishing rights to the Songs, the Company will be able to generate and collect revenues from three main royalty sources: mechanical publishing, performance and synchronisation, as outlined above.

The large volume and variety of different payments owed to a copyright owner are collected by an array of collection societies around the world, who normally then make payments via territorial publishers and then local publishers to the songwriter. The Investment Adviser believes that the publisher registration, tracking and payment process can be substantially enhanced and streamlined by collecting mechanical publishing and performance royalties through the appointment of specialist royalty collection agents. The Company will enter into agreements with PRS, BMI, ASCAP and Kobalt for royalty collection and/or portfolio administration and with any other royalty collection agent or portfolio administrator whose services the Company may require from time to time.

Kobalt

Kobalt, as the Company's preferred portfolio administrator, has been operating as a specialist music royalty collection and portfolio administration service since 2000. Its technology bears the administrative burden of managing a large number of payments, which transforms such costs from expensive, fixed administrative costs to variable costs, calculated by reference to sales. This approach provides an economy of scale and ensures that it is financially viable for Kobalt, and in turn the Company, to pursue smaller revenue figures and more regular royalty payments. Kobalt will also provide the Company and the Investment Adviser with a mobile application which allows weekly tracking of a Song's usage, enabling the Investment Adviser to monitor, quickly, accurately and more regularly, the projected revenues that a Song should achieve. This provides increased transparency and certainty for songwriters or copyright owners as compared to the traditional method used among the other portfolio administrators, whereby the songwriter would be presented with a statement every six months (or, on occasions, every three months), which the songwriter would then need to be reviewed to ensure all royalty payments were accurately captured. The traditional process is less robust and it can be disproportionately costly to review such statements. The Investment Adviser believes that Kobalt's transparent, interactive system enables more cost-efficient monitoring and, accordingly, reduces the risk of leakage from missed royalty payments.

The Investment Adviser expects that the application of Kobalt's systems to the Catalogues the Company proposes to acquire should result in an uplift in revenues for a Song compared with the revenues from the methods currently deployed in relation to the Songs administered among the major music publishers or portfolio administrators.

Kobalt uses technology to capture when a payment is due, increasing efficiencies and reducing the risk that payment triggers will be missed, which is a particular problem with manual collection methods. The Company has agreed with Kobalt that the Company will be provided with a rolling advance that will constantly keep it ahead in respect to payments, compared to the six month standard payment in arrear process deployed among other portfolio administrators in the industry. Kobalt's approach minimises the potential for multiple layers of international sub-distributors, with each charging commission. The revenues Kobalt provides to the copyright owner are "at source" (i.e. without deductions for multiple layers of commission), which again should maximise revenues for each Catalogue. Kobalt's focus is on minimising leakage, no matter how small. In broad terms, Kobalt's systems enable it to pursue small sums, whereas the approach adopted among the traditional portfolio administrators and major music publishers is, typically, only to actively pursue larger sums. Through its innovative use of technology, the Investment Adviser believes that Kobalt collects royalty payments more often and more reliably, irrespective of amounts.

In addition, Kobalt has forged relationships with video streaming services, such as YouTube, to capture plays of the songs that Kobalt processes. Kobalt has agreed with YouTube that YouTube will pay Kobalt a share of the revenues it receives in respect of Songs which Kobalt administers. The Investment Adviser believes that, through its relationship with Kobalt, it can exploit the synchronisation potential with YouTube to capture these royalty payments, and in turn further increase the popularity of the Songs under its management, particularly given that people who post on YouTube are clearly incentivised to use Songs that do not carry the risk of having the video playing the Song removed by YouTube.

The Investment Adviser anticipates that, through its active monitoring of payment, yields previously achieved from the Songs should be increased compared with the present levels. The Investment Adviser believes that Kobalt's technology-based approach to royalty collection allows quicker and more efficient royalty collection. The Investment Adviser will attempt, at the earliest opportunity following acquisition of a Catalogue or Song, to move the relevant Song from its previous portfolio administrator onto Kobalt's platform.

In addition, Kobalt may also provide the Company with synch opportunities, on a non-exclusive basis, through which Kobalt will licence one or more Songs to end users (such as TV companies, broadcasters or producers), and will account to the Company for the synchronisation fees (less any commissions retained by Kobalt for arranging such opportunities).

2.2 Investment Process

Sourcing Catalogues/Songs

The Company will seek to acquire Catalogues which include proven Songs. These will be Songs with a proven track record of producing royalty income and are viewed as being evergreen. The Company will look to acquire these Catalogues from well-known songwriters who have a track record of writing hit Songs and/or Songs that impact cultural behaviour. To deliver future growth for Shareholders, the Investment Adviser will seek to identify Songs that have historically generated poor revenues but have the potential to be a strong future earner through active synchronisation placement or if covered by another recording artist.

The Investment Adviser will leverage its extensive network of relationships with songwriters and recording artists to source attractively priced Catalogues. As songwriters may be protective over their legacy, some are selective about the purchasers to whom they would be willing to sell, seeking comfort that their Song will be used in line with their tastes and beliefs; acknowledgement and trust of the industry is therefore important. The Investment Adviser believes that, through its relationships, the composition of its Advisory Board and through Mr Mercuriadis' reputation in the music industry, songwriters are more likely to trust the Investment Adviser to protect their legacy compared to some of the major music publishers.

Once a potential Catalogue is identified by the Investment Adviser or a member of the Advisory Board, the opportunity and potential acquisition price will be discussed with Mr Mercuriadis and, where relevant, other members of the Advisory Board. If approved by Mr Mercuriadis, an initial notification will be made to the Board that the Investment Adviser has identified a potential Catalogue that it believes falls within the scope of the Company's investment strategy, and that the Investment Adviser will proceed with due diligence and further negotiations, subject to the final decision to acquire such Catalogue being made by the Board in accordance with the section entitled "*Approval of acquisitions by the Board of Directors*" below.

As the Song's intellectual property is, in most cases, held by multiple parties, the Investment Adviser will seek to determine how best to reach these different owners. With a view to minimising such complexities, generally speaking, the Investment Adviser will seek to acquire 100 per cent. of a particular songwriter's copyright interest in each Song, which would comprise their writer's share, their publisher's share and their performance rights.

Diligent Approach to acquiring Catalogues

The Investment Adviser will undertake or procure full legal and financial due diligence prior to recommending the acquisition of a Catalogue, focusing on: (i) the nature and extent of the intellectual property rights to be acquired ("**IPR**"); (ii) whether songs within a Catalogue are co-written and the nature of such co-authorship; (iii) restrictions on the sale or exploitation of the IPR; (iv) whether there are any actual, potential or threatened lawsuits or claims against

the IPR; (v) the terms of any publishing arrangement and portfolio administration agreement in place with respect to the Catalogue; and (vi) financial diligence including reviewing or auditing the historic revenues of the Catalogue over the past three years (as a minimum) and identifying whether there are unrecouped advances. To the extent that the Investment Adviser is not satisfied that any aspect of the IPR is compatible with the Investment Adviser's intended marketing strategy for each Song, or that there is any indication of a potential or threatened IPR claim (including a claim for infringement of copyright), the Investment Adviser will generally not proceed with recommending the Catalogue to the Board. In particular, the Investment Adviser is looking to acquire Songs without any restrictions on the ability of the Company, as the owner of the IPR, to sell, license or assign their interest in the Song. Where a Song or Catalogue is co-authored, the Investment Adviser will also carry out due diligence into the co-songwriter relationship to ensure that there is no obvious risk that such co-authorship will act as a barrier to the Investment Adviser being able to exploit the Song in its preferred manner.

The Investment Adviser's goal is to understand all material aspects of the IPR position relating to the Songs it is considering recommending for purchase, so that it is buying only the commercial risk related to an asset, i.e. the risk that a particular Song will continue to perform in accordance with its projected income and the risk that there is a suitable market for the Investment Adviser to exploit the Song in its preferred manner. Consequently, the Investment Adviser seeks to arrive at a position pre-acquisition where it is confident that there are unlikely to be factors which would result in a material loss of capital for the Company, for example, due to a costly and potentially damaging IPR claim for either breach of usage restrictions or infringement of another recording artist's or songwriter's copyright.

The Company will appoint an independent valuer to provide an independent valuation report on the acquisition price being recommended by the Investment Adviser.

Approval of acquisitions by the Board of Directors

Following completion of its due diligence, the Investment Adviser will, in accordance with the Investment Advisory Agreement, present its recommendation of the acquisition to the Board. In that regard, the Investment Adviser will provide a report to the Board, which contains: (i) a summary of its due diligence findings; (ii) the financial history of the Catalogue; (iii) the Company's independent valuer's report; (iv) the Investment Adviser strategy for managing the Songs in the Catalogue and potential exploitation opportunities; (v) details of any structuring arrangements that the Investment Adviser considers necessary; (vi) details of any conflicts of interest of the Investment Adviser or its Advisory Board in relation to the acquisition; (vii) details on the financial consideration structure; and (viii) any other information that the Investment Adviser considers relevant to the Board in deciding whether to acquire the particular Catalogue. The Board will also obtain any independent advice as may be required in addition when it is considering making an investment in Songs by acquiring an interest in a company in which the Songs are held.

Whilst the Company does not intend to sell the Songs it acquires, the Company may, from time to time, dispose of one or multiple Songs where it considers such disposal to be in the best interests of Shareholders. Where a disposal is proposed by the Investment Adviser, any such disposals of Songs will only be made with the prior approval of the Board and a similar report to that prepared for acquisitions will be prepared by the Investment Adviser and provided to the Board prior to the Board taking any decision to dispose of a Song.

Investment Monitoring

The Investment Adviser will, in conjunction with Kobalt, continually monitor the income and performance of the Songs in the Portfolio that are administered by Kobalt. The Investment Adviser will review all royalty statements and chase the relevant royalty collection agent or portfolio administrator for delayed payments. The Investment Adviser will continually endeavour to source new opportunities to increase the revenue potential for a Song. When opportunities are identified, the Investment Adviser will be responsible for negotiation and agreement of the commercial terms.

The financial team within the Investment Adviser will review royalty statements for any inconsistencies between payments due and payments made. The team will also be responsible for the regular review of the performance of Kobalt and the Company's other portfolio administrators. The Board will undertake an annual review of Kobalt and the other portfolio administrators along with all other third party service providers.

The Investment Adviser will update the Board on its progress on a quarterly basis with additional updates where significant events have occurred.

PART IV: INVESTMENT ADVISER

1. THE INVESTMENT ADVISER

Hipgnosis Songs Limited has been appointed by the Company to act as the Investment Adviser to the Company. The Investment Adviser was incorporated in England and Wales on 31 May 2017 under the UK Companies Act 2006 with company number 10795606. Its registered office is at Lansdowne House, 1b Lansdowne Road, Holland Park, London W11 3LP and it is wholly owned by Merck Mercuriadis. Pursuant to the Investment Advisory Agreement, the Investment Adviser will source Songs and provide recommendations to the Board on acquisition and disposal strategies, manage and monitor royalty and/or fee income due to the Company from its copyrights and royalty collection agents, and develop strategies to maximise the earning potential of the Songs in the Portfolio through improved placement and coverage of Songs.

The Investment Adviser is not currently authorised or regulated by the FCA.

2. MR MERCURIADIS' HISTORY AND TRACK RECORD

Mr Mercuriadis is the founder and CEO of the Investment Adviser. He also founded Hipgnosis Music in June 2015. Hipgnosis Music is an artist management company, Song publisher and record label based in London and Los Angeles.

Mr Mercuriadis, through his time at Hipgnosis Music and at The Sanctuary Group Plc ("**Sanctuary**"), has extensive experience of managing recording artists and songwriters, which includes promoting, managing and marketing to maximise the profitability of their Catalogues, and the Songs they contain. During his time at Sanctuary, Mr Mercuriadis worked on what the Investment Adviser believes is still the highest paying synch placement of all time with Cadillac and Led Zeppelin, which set new industry standards for synch payments.

Mr Mercuriadis was formerly CEO of Sanctuary, which he helped build over 20 years, which was one of the largest independent companies in the music industry, encompassing artist management, record labels, publishers and merchandisers. As CEO of Sanctuary, Mr Mercuriadis gained experience of running a listed company, generating strong revenues for the company until it was sold to Universal Music Group in June 2007 for U.S.\$88 million. During his time at Sanctuary, Mr Mercuriadis assembled and managed arguably one of the biggest independent Catalogues of recorded music in the world, including seminal works by Morrissey, Bob Marley & The Wailers, Black Sabbath, Robert Plant, Pet Shop Boys, The Strokes, Arcade Fire, Neil Young, Wu-Tang Clan, Earth Wind & Fire, Blondie, Emerson Lake & Palmer, Iron Maiden and The Kinks.

Given the idiosyncratic nature of Catalogues, the track record of Mr Mercuriadis, as the manager of Catalogues, differs from that of other investment advisers across more established asset classes. Outlined below are examples of Mr Mercuriadis' work in the music industry which demonstrate his ability to deliver increased royalty income through active placement of Songs, exploiting synch opportunities and relationships with leading platforms and studios, all of which will be of key importance to the Company and its ability to achieve its investment objective.

Mr Mercuriadis is an industry-leading manager and has placed synch deals, in aggregate, worth in excess of U.S.\$15 million over the last 30 years. In 1989, Mr Mercuriadis advised Iron Maiden regarding the successful television advertisement for Lucozade that matched a successful Olympian, Daley Thompson, with Iron Maiden's "Phantom Of The Opera". Additionally, Mr Mercuriadis arranged for the use of Jane's Addiction's "Superhero" as the theme tune to the Warner Bros' eight season-long TV series, "Entourage", and its subsequent 2015 movie release. Similarly, Mr Mercuriadis arranged for the TV show "Charmed" to use Morrissey's "How Soon Is Now" as its theme song for over eight years.

The Americanos are a new group managed by Hipgnosis Music. During 2016 and 2017, Hipgnosis Music has arranged placements of Songs within The Americanos' Catalogue which, in aggregate, have generated over U.S.\$300,000 in synch income over that time period. Examples of these synchs include:

- We Are Your Friends (Studio Canal),
- Ballers (HBO),
- ESPN College Football (ABC Network),

- Keanu (Warner Bros.),
- Need For Speed (Electronic Arts),
- The Get Down (Baz Luhrman/Netflix),
- Office Christmas Party (Paramount),
- xXx – The Return Of Xander Cage (Paramount),
- Baywatch (Paramount), and
- Logan (Marvel/20th Century Fox)

It can be seen from the above examples that synching, even for relatively new recording artists and relatively unknown Songs from proven recording artists, has the potential to generate strong revenue streams across a diverse range of media, attracting interest from a broad audience. It also increases the profile of the Song which leads to an increase in its consumption and a rise in its royalty revenues. For example, as a result of its placement in “xXx – The Return of Xander Cage”, The Americanos’ song “In My Foreign” was in the Top 30 most streamed Songs/most searched Song on the “Shazam” app in China in 2017.

3. THE INVESTMENT ADVISER’S TEAM

The Investment Adviser’s management team and the Advisory Board have long-standing experience in the music industry and several of the individuals are notable figures. Collectively, the members of the Investment Adviser and its Advisory Board have over 300 years of combined experience in the management of music rights. It is through extensive relationships and industry knowledge that the Investment Adviser has sourced the Pipeline Catalogues, and the Investment Adviser believes that it is well placed to source and acquire attractive Catalogues for the Company in the future.

In addition to this, the Investment Adviser will be responsible for the active ongoing management of the Songs acquired by the Company. Mr Mercuriadis is assembling an experienced team of initially eight individuals to act as the Company’s synch managers with experience and strong relationships in the media community. In addition, they will also bring the technical skills required to support the Company in its day to day activity.

The majority of the team will be responsible for creating income generation opportunities for the Songs owned by the Company. The team is expected to include key synchronisation managers and publishing experts currently working at Universal Music Group, Sony Records, Warner Chappell and PRS for Music.

They will be responsible for:

- (a) growing the synch, mechanical and performance income for each Song;
- (b) tracking and monitoring the Company’s income to ensure that it is receiving what it is due i.e. reviewing the statements from royalty collection agents and portfolio administrators, showing every income stream globally for every Song that the Company owns; and
- (c) supervising and managing the Company’s relationships with all of its royalty collection agents.

The Investment Adviser’s business strategy is to have each synch manager focus on a maximum of approximately 300 Songs, which will allow for the attention to detail required to add significant value to every acquisition and enhance Shareholder returns.

Merck Mercuriadis (Chief Executive Officer)

Mr Mercuriadis is the current CEO and founder of Hipgnosis Music, an artist management company, Song publisher and record label based in London and Los Angeles, and founded in 2015.

Mr Mercuriadis served as a director and CEO of Sanctuary, a major independent artist management company and record label (1986 – 2007, being first employed in 1986, becoming a director in 1998 and CEO in 2005). During this time he was responsible for overseeing the management, development and recording work of a number of globally successful and notable recording artists.

Mr Mercuriadis is known as the former manager of several notable rock and pop bands, and musicians including Guns N’ Roses, Iron Maiden, Elton John, Morrissey, Pet Shop Boys, Macy Gray, Mary J. Blige, Joss Stone and Jane’s Addiction.

Chris Helm (Chief Financial Officer)

Mr Helm is the CFO of the Investment Adviser and, in such capacity, is responsible for the provision of various services relating to the analysis of Catalogues. Mr Helm was most recently employed to consult for PRS for Music. His mandate was to deliver a programme to improve and optimise the royalty payment process. Throughout his career Mr Helm has also been directly involved with deal modelling and negotiations for recording artist and songwriter contracts, and various high profile Catalogue acquisitions.

Mr Helm was formerly UK Finance Director at EMI Music Publishing and has worked as a senior finance professional at both Universal Music Group and Sony Records. In total, his experience in the financial management of music publishing rights spans 16 years.

The Advisory Board

Mr Mercuriadis and Mr Helm, as principals of the Investment Adviser, will be supported by an experienced team who will comprise the Advisory Board. The Advisory Board is a carefully selected group of some of the most successful entrepreneurs, executives, legal advisers, producers, investment bankers and songwriters in both the music and business communities, with a remit to provide expert advice as well as checks and balances on both the creative and financial aspects of all acquisitions, and the subsequent management of the Company's Songs. The Investment Adviser has appointed the members of the Advisory Board to provide it with advice from time to time. No members of the Advisory Board are directors, officers, employees or consultants of the Investment Adviser. It is envisaged that the Advisory Board will be fluid and will expand over time, with additional experts being added or substituted as and when required. As at the date of this Prospectus, the Advisory Board will comprise the following members:

Nile Rodgers

Mr Rodgers is an American record producer, songwriter, musician, composer, arranger, and guitarist. He is the lead guitarist, and co-founding member, of the band Chic, which has been active since 1976 and is responsible for hits such as "Le Freak", "Everybody Dance", "Good Times" and many others. In 2017, Mr Rodgers was inducted into the Rock 'n' Roll Hall of Fame.

Mr Rodgers' work as a producer and songwriter has resulted in some of music's most influential and iconic albums including David Bowie's "Let's Dance", Madonna's "Like A Virgin", Diana Ross's "Diana", and Daft Punk's "Random Access Memories", which include Songs which are also some of the most sampled of all time.

He is also the author of the number one, best-selling autobiography, "Le Freak: An Upside Story of Family, Disco and Destiny".

Terius 'The-Dream' Nash

Terius Youngdell Nash, better known by his stage name The-Dream, is an American R&B record producer, singer and songwriter. He is a multiple Grammy Award winner and his co-writing credits include some of the most culturally important pop hits of the last 15 years including "Me Against the Music" (2003) for Britney Spears and Madonna, "Umbrella" (2007) for Rihanna, "Single Ladies (Put a Ring on It)" (2008) for Beyoncé, "Baby" (2010) for Justin Bieber, "All Of The Lights" (2011) for Kanye West, "No Church In The Wild" for Jay Z, Kanye West and Frank Ocean (2012) and "Holy Grail" for Jay Z and Justin Timberlake (2013).

In 2016 he wrote songs featuring in the new album releases from Rihanna, Kanye West and Beyoncé.

Michael Naylor

Mr Naylor is a non-executive director of the London FTSE-listed Jupiter Green Investment Trust plc, where he is Chairman of the board. He has been appointed to the advisory board of various companies, including the U.S.\$400 million Toronto-based water private equity fund XPV Capital LLP, and the U.S.\$1.3 billion Energy Fund III of the emerging markets private equity firm Actis. In 2013, Mr Naylor joined the board of the University of Cambridge Institute for Sustainability Leadership (CISL).

William (Bill) Leibowitz

Mr Leibowitz is an attorney, and is the founding partner of Roberts, Leibowitz and Hafitz PLLC. He is the former Chief Operating Officer and General Counsel for Sanctuary, and continued in this capacity after Sanctuary was acquired by the Universal Music Group until Mr Leibowitz returned to private practice. Mr Leibowitz specialises in intellectual property law and during his legal career of 35 years he has represented many renowned recording artists and major international intellectual property companies. Mr Leibowitz has been retained by the Company to provide legal services in connection with Song acquisitions as well as ongoing royalty/licensing issues and other legal services.

Ian Montone

Mr Montone is an attorney, and is the founder of Monotone Management and Third Man Records. Mr Montone has over 15 years' experience in the music industry, and is the manager of Jack White of The White Stripes, Vampire Weekend, The Shins and Danger Mouse.

Lance Freed

Mr Freed is the former president of Rondor Music Group/Universal Music Publishing Group. Mr Freed was inducted as a publishing executive into The Songwriters Hall of Fame in 2012. Over the last 40 years, he has signed and worked with Brian Wilson, Rod Temperton, Tom Petty, Bruce Springsteen, Jason Derulo, Mika and Dire Straits as well as leading the acquisition of some of the world's most prestigious publishing Catalogues.

Jason Flom

Mr Flom is an American music industry executive and CEO of Lava Records and Lava Music Publishing. Mr Flom previously served as Chairman and CEO at Atlantic Records, Virgin Records and Capitol Music Group and is personally responsible for launching acts such as Kid Rock, Katy Perry, and Lorde. The New Yorker described him as "one of the most successful record men of the past 20 years...known for his specialty in delivering 'monsters'".

Bjorn Lindvall

Mr Lindvall is a highly experienced banker with a background from Credit Suisse, Morgan Stanley and a large Real Estate Private Equity fund. He currently runs CreditSquare, specialising in advising small and medium sized companies on a wide range of mergers and acquisitions, capital raising and financings. Mr Lindvall has a deep and wide network of relationships amongst financial investors, family offices and entrepreneurs.

PART V: DIRECTORS AND ADMINISTRATION

Directors

The Board is comprised of four Directors who are responsible for managing the business affairs, investment management and risk management of the Company on a self-managed basis and have overall responsibility for the Company's activities, including the review of investment activity and performance and the overall control and supervision of the Company's service providers. The Directors may delegate certain functions to other parties such as the Investment Adviser, the Fund Administrator and the Registrar. The Directors will receive advice from the Investment Adviser on the acquisition, management and disposal of Songs pursuant to the Investment Advisory Agreement. The Investment Adviser will provide recommendations to the Directors who will then assess that advice and make the key investment decisions themselves regarding the acquisition, management and disposal of Songs on behalf of the Company.

The Directors are all non-executive and all are independent of the Investment Adviser. Details of each of the Directors are set out below.

The address of the Directors is the registered office of the Company. The Directors of the Company are as follows:

Directors' biographies

Andrew Sutch (Chairman), aged 64 years.

Mr Sutch is a corporate lawyer and a consultant to Stephenson Harwood LLP. He was a partner of that firm for over 30 years and its senior partner for 10 years. He has extensive experience in advising investment funds and investment managers. He is chairman of JPMorgan Claverhouse Investment Trust Plc, a director of Jupiter European Opportunities Trust Plc and a council member of the Royal Academy of Dramatic Art.

Simon Holden, aged 41 years.

Mr Holden is a resident in Guernsey, and he has more than 15 years of experience in private equity investment and portfolio company operations roles. Working with Candover Investments and then Terra Firma Capital Partners since 2008, he has completed a number of successful buy-outs and held a number of board-level operational roles alongside the executive teams of portfolio companies. He left Terra Firma in late 2015 to take up a limited number of independent directorships of alternative investment funds and fiduciary and trading company clients, including Permira's global buy-out funds. Simon graduated from the University of Cambridge with a MEng and MA (Cantab) in Manufacturing Engineering, holds the IMC and is a member of the States of Guernsey's GIFA, NED Forum and IP Commercial Group.

Rupert Perry CBE, aged 69 years.

Mr Perry joined EMI Music in 1971 and spent the next 30 years involved with the company's record business around the world. In 1976, he was appointed Vice President of Artist and Repertoire for Capitol Records in the U.S., a post he held until 1982 when he was made President of EMI America. In 1985 he enjoyed a brief stint as Managing Director of EMI Australia before returning to London as President of EMI Records UK from 1986 to 1995. Mr Perry went on to become President of EMI Europe from 1995 to 1999 and Senior Vice President Worldwide from 1999 to 2002.

During his time at EMI, Mr Perry was appointed Chairman of the UK Music Trade Association, British Phonographic Industries (BPI), a role he carried out from 1993 to 1995. Following that, Mr Perry also served as Chairman of the European Board for the International Federation of Phonographic Industries (IFPI).

Mr Perry was awarded a CBE for his services to the British music industry in the Queen's New Year Honours List of 1997. In 2004 he was given the IFPI Medal for services to the international recording industry.

Andrew Wilkinson, aged 66 years.

Mr Wilkinson is a Chartered Accountant who has worked at KPMG Peat Marwick and merchant bankers Leopold Joseph. Mr Wilkinson was a founder of the Promo Group, which managed the business affairs of the Rolling Stones. In 1981, he became a partner of Prince Rupert

Loewenstein, providing business management services to clients in the entertainment and sports sectors.

Mr Wilkinson is co-founder and CEO of Music Plus Sport Ltd. and its subsidiary Live at the Races Limited. The group specialises in large-scale concerts at sport events. Further, Mr Wilkinson is founder and Chief Executive of Kingstreet Tours Limited, a company that has been at the forefront of concert tour production for 30 years.

Mr Wilkinson is a member of the Fundraising Committee and former treasurer of Nordoff Robbins, a charity that uses music therapy in the treatment and care of autistic children and a director of the Committee of Wincanton racecourse.

Takeover Code

The Takeover Code will apply to the Company as at Admission.

Corporate governance

The Company is committed to complying with the corporate governance obligations which apply to Guernsey registered companies admitted to the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority and to be admitted to trading on the Premium Segment.

UK Corporate Governance Code

The Listing Rules require that the Company must report in terms of “comply or explain” against the UK Corporate Governance Code. In addition, the Disclosure Guidance and Transparency Rules require the Company to: (i) make a corporate governance statement in its annual report and accounts based on the code to which it is subject; and (ii) describe its internal control and risk management arrangements.

The Company is committed to high standards of corporate governance and the Board is responsible for ensuring the appropriate level of corporate governance is met. As a newly incorporated company, the Company does not comply with the UK Corporate Governance Code or the AIC Code of Corporate Governance (the “**AIC Code**”) as at the date of this Prospectus. From Admission, the Company will seek to comply with the principles of good governance contained in the UK Corporate Governance Code and will also seek to become a member of the Association of Investment Companies as soon as practicable post-Admission and will comply with the AIC Code, which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies.

Guernsey Code

On 1 January 2012, the GFSC’s “Finance Sector Code of Corporate Governance” (the “**GFSC Code**”) came into effect, which applies to all companies that hold a licence from the GFSC under the regulatory laws or which are registered or authorised as collective investment schemes. The GFSC has stated in the GFSC Code that companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of the GFSC Code.

Directors’ Share dealings

The Directors have adopted a share dealing code that is compliant with the Market Abuse Regulation. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors and PDMRs.

Audit and Risk Management Committee

The Company’s Audit and Risk Management Committee will meet formally at least twice a year. The principal duties of the Audit and Risk Management Committee will be to consider the appointment of external auditors, to discuss and agree with the external auditors the nature and scope of the audit, to keep under review the scope, results and cost effectiveness of the audit and the independence and objectivity of the auditor, to review the external auditor’s letter of engagement and management letter and to analyse the key procedures adopted by the Company’s service providers. Where non-audit services are to be provided by the auditor, full consideration of the financial and other implications on the independence of the auditor arising from any such engagement will be considered before proceeding. Mr Wilkinson will act as chairman of the Audit and Risk Management Committee, and all of the other Board members shall attend each meeting.

Portfolio Committee

The principal duties of the Portfolio Committee will be to undertake the following functions:

- (i) making the final decision as to the acquisition of any Song or Catalogue;
- (ii) determining, in collaboration with the Company's legal, tax or corporate finance advisers, the most appropriate means for acquiring the Songs or Catalogues in the event that such Songs or Catalogues are not directly transferable, but are available in an intermediated form (such as a special purpose company, or similar) including determining any adjustments to the price if necessary or appropriate;
- (iii) making enquiries, at any stage, of the Investment Adviser with regards to the pipeline opportunities identified by the Investment Adviser from time to time;
- (iv) making the final decision as to the disposal of any Song or Catalogue; and
- (v) determining, in collaboration with its legal, tax or corporate finance advisers, the most appropriate means for disposal of the Songs or Catalogues in the event that such Songs or Catalogues are not directly transferable, but are held in an intermediated form (such as a special purpose company, or similar).

The Portfolio Committee will meet on an ad hoc basis so requested on reasonable prior notice from the Investment Adviser. The quorum for any meeting of the Portfolio Committee shall be at least one director. Mr Perry will act as chairman of the Portfolio Committee and all other Board members shall use reasonable endeavours to attend each meeting of the Portfolio Committee. Mr Perry will not receive additional remuneration in respect of his role as chairman of the Portfolio Committee.

Asset Management Committee

The principal duties of the Asset Management Committee will be to consider the ongoing management and revenue maximisation of the Songs acquired by the Company, which will include performing the following functions:

- (i) making any final decision required to be made as to the allocation of assets that might arise under the arrangements with portfolio administrators;
- (ii) making any final decision required to be made as to whether or not to enter into or terminate any contract with a portfolio administrator or other royalty collection agent.
- (iii) reviewing and, if considered appropriate, approving any updates to the strategies to maximise revenue collection from the Songs or Catalogues; and
- (iv) making any final decision required to be made as to whether or not to pursue any recommended revenue maximisation opportunity which exceeds £500,000 in revenues, provided that such decisions will be made in a timely manner and the Asset Management Committee shall use all reasonable endeavours to effect such decisions within the timetables proposed by the Investment Adviser.

The Asset Management Committee will meet on an ad hoc basis so requested on reasonable prior notice from the Investment Adviser. The quorum for any meeting of the Asset Management Committee shall be at least one director. Mr Sutch will act as chairman of the Asset Management Committee and all other Board members shall use reasonable endeavours to attend each meeting of the Asset Management Committee. Mr Sutch will not receive additional remuneration in respect of his role as chairman of the Asset Management Committee.

Other Committees

The Board will fulfil the responsibilities typically undertaken by a nomination committee and a remuneration committee. The Board as a whole will also fulfil the functions of a management engagement committee. The Board will review the actions and judgments of those parties undertaking management, advisory and administration services to the Company in relation to the interim and annual financial statements and the Company's compliance with the UK Corporate Governance Code, the Listing Rules, the Disclosure Guidance and Transparency Rules, MAR and the AIC Code. It will review the terms of the Investment Advisory Agreement and examine the effectiveness of the Company's internal control systems and the performance of the Investment Adviser, the Fund Administrator, the Registrar and other major service providers such as Kobalt.

Management of the Company

Responsibility for management

The Board is responsible for the determination of the Company's investment objective and Investment Policy and has overall responsibility for its activities. The Company has, however, entered into an Investment Advisory Agreement with the Investment Adviser under which the Investment Adviser will advise the Company on the terms summarised in paragraph 5.2 of Part VIII (*Additional Information*) of this Prospectus.

As the Company is a self-managed AIF under the AIFM Directive and there are no employees of the Company, the Board performs certain management functions, which include the overseeing of the Company's Investment Policy and investment strategy, the supervision of any delegated responsibilities to third-party service providers, such as the Investment Adviser, the Fund Administrator and the Registrar, and any necessary risk management and portfolio management functions.

To execute such management functions, the Board will:

- (i) hold at least quarterly meetings, as part of the performance of its investment management function, to: (a) review the Company's management accounts; (b) review the Investment Adviser's reports; and (c) record the Board's conclusions. In advance of such meetings (or committee meetings, as applicable), the Board or committee shall be entitled to receive regular (at least quarterly) reports from the Fund Administrator and reports from the Investment Adviser in respect of the Company's performance;
- (ii) hold six-monthly board meetings, among other matters, to review the Company's Net Asset Values and factsheets;
- (iii) hold ad hoc meetings with the Investment Adviser and, as appropriate, the Advisory Board to review any potential Catalogues which the Investment Adviser is proposing that the Company acquire or dispose of, and to review due diligence reports prepared by the Investment Adviser and third party advisers in relation to potential acquisitions;
- (iv) lead the risk management function and remain responsible for the risk management functions;
- (v) institute a formal process in place for generating records of its performance of its portfolio and investment management function;
- (vi) institute a process in place for assessing (and recording this assessment) the relevant expertise of the Board prior to the appointment of each Director (including in the event of future replacement of a Director);
- (vii) review conflicts of interests pertaining to the Board itself and existing between the Company and its service providers, including the Investment Adviser;
- (viii) prepare, in conjunction with the Company's relevant service providers and advisers, annual and interim reports and accounts; and
- (ix) institute a process in place for assessing (and recording this assessment) each instance of delegation of an investment management function by the Board.

Fund Administrator and company secretary

Pursuant to the Administration Agreements: (i) Heritage International Fund Managers Limited has been appointed as Fund Administrator of the Company and Guernsey SubCo; and (ii) Heritage Administration Services Limited has been appointed as administrator to UK SubCo (further details of which are set out in paragraph 5.4 of Part VIII (*Additional Information*) of this Prospectus). The Fund Administrator or Heritage Administration Services Limited (as applicable) are responsible for the day to day administration of the Fund Entities (including but not limited to the calculation and publication of the semi-annual NAV and the IFRS NAV) and general secretarial functions required by the Companies Law (including but not limited to maintenance of the Company's accounting and statutory records). For the purposes of the RCIS Rules, the Fund Administrator is the designated manager of the Company.

Investors should note that it is not possible for the Fund Administrator or Heritage Administration Services Limited to provide any investment advice to investors.

Auditor

PricewaterhouseCoopers CI LLP will provide audit services to the Company. The auditor's responsibility is to audit and express an opinion on the financial statements of the Company in accordance with applicable law and auditing standards. The annual report and accounts will be prepared according to accounting standards laid out under IFRS.

Registrar

Computershare Investor Services (Guernsey) Limited (a company incorporated in Guernsey on 3 September 2009 with registered number 50855) has been appointed as registrar to the Company pursuant to the Registrar Agreement (further details of which are set out in paragraph 5.5 of Part VIII (*Additional Information*) of this Prospectus). In such capacity, the Registrar will be responsible for the transfer and settlement of Shares held in certificated and uncertificated form. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

Conflicts of interest

Directors

In relation to transactions in which a Director is interested, the Articles provide that as long as the Board authorises the transaction in good faith after the nature and extent of the Director's interest has been disclosed or the transaction is fair to the Company at the time it is approved, a Director shall not be disqualified by his office from entering into a contract or arrangement with the Company, and no such contract or arrangement or any contract or arrangement entered into by or on behalf of the Company with any person, firm or company of or in which any Director shall be in any way interested, shall be avoided. A Director may not, however, vote in respect of any such contract or arrangement in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest. For further details prospective investors should refer to paragraph 3 of Part VIII (*Additional Information*) of this Prospectus. The Directors are also required by the RCIS Rules to take all reasonable steps to ensure that there is no breach of any of the conflict of interest requirements in the RCIS Rules. As at the date of this Prospectus, no Directors have any interest in any Pipeline Catalogue or any other transaction in relation to the business of the Company.

Investment Adviser

The Investment Adviser shall not provide services similar to the services under the Investment Advisory Agreement to any person, association, body corporate, fund or third party other than the Company (and its Affiliates) with an investment objective and investment policy similar to that of the Company without the prior written consent of the Board provided that where 85 per cent. of the Net Issue Proceeds (together with 85 per cent. of any net capital proceeds raised after Admission through any subsequent issue of Shares or C Shares) are invested at the time when the Investment Adviser seeks the Board's consent, such consent shall not be unreasonably withheld or delayed by the Board.

The Investment Adviser shall offer to the Company any opportunity to acquire a Song or Catalogue which meets the Investment Policy and investment strategy of the Company and would be consistent with the Company's current target total NAV return in priority to itself and any third party (including any member of the Investment Adviser's group of companies or its Affiliates) in the following manner:

- (a) the Investment Adviser will provide the Board with all relevant information on the relevant Song or Catalogue, including the proposed acquisition terms, in accordance with the provisions of the Investment Advisory Agreement;
- (b) the Board will have 15 days to decide whether or not to acquire the Song or Catalogue;
- (c) if the Board decides not to acquire the Song or Catalogue, the Investment Adviser may offer a third party the opportunity to acquire the relevant Song or Catalogue on terms (including, for the avoidance of doubt, price) no more favourable than the terms provided to the Board under paragraph (a) above; and
- (d) if the opportunity to acquire the Song or Catalogue subsequently becomes available on terms more favourable than the terms offered to the Company under paragraph (a) above the Investment Adviser shall be required to comply again with the provisions of paragraph (a) to

(c) above before being permitted to offer the Song or Catalogue to a third party, save that the Board will have 10 days to decide whether or not to acquire the Song or Catalogue on the amended terms.

The Investment Adviser has undertaken to take all reasonable steps to avoid conflicts of interest. Under the terms of the Investment Advisory Agreement, the Investment Adviser has agreed to put in place procedures to ensure decisions are made on an arms-length basis and that all potential conflicts of interest between the Investment Adviser (or any member of its Advisory Board) and the Company are fully disclosed to the Board. Under the terms of the Investment Advisory Agreement, the Investment Adviser is obliged to provide the Board with details of any conflicts of interest of the Investment Adviser or any member of its Advisory Board in relation to each potential acquisition or disposal. In addition, each member of the Advisory Board is required, pursuant to their arrangement with the Investment Adviser, to notify the Investment Adviser of any interest they have in a Catalogue or Song which the Investment Adviser proposes to recommend to the Board. Further, in order to mitigate any risk that the Investment Adviser's (or any member of its Advisory Board's) interest in a Catalogue or Song will result in the Board approving the acquisition of a Catalogue or Song at an inflated price (or the disposal of a Catalogue or Song at an undervalue), the Catalogues and Songs will be valued by the Company's independent valuer, and the Company's independent valuer's report will be provided to the Board prior to the Board deciding whether to acquire (or dispose of) a Catalogue.

Any transaction fees, commissions, topping fees, break-up fees, closing fees, consulting fees or other similar fees which the Investment Adviser receives or is offered by a third party in connection with the acquisition, management or disposal of any Songs, whether organised into Catalogues or not shall be held for the benefit of the Companies and will be offset against the Advisory Fee.

As a principal of Hipgnosis Music, Mr Mercuriadis undertakes other activities in the music industry and this may result in an actual conflict or a potential conflict of interest involving the Company and/or Hipgnosis Music. Where an actual or potential conflict arises the Investment Adviser will at the time put in place appropriate provisions to ensure the interests of the Shareholders and the Company are protected to the maximum extent possible.

FEES AND EXPENSES

Initial expenses related to the Issue

The initial expenses of the Company are those which are necessary for the formation of the Company and the Issue. The costs and expenses of the Issue to be borne by the Company are fixed at 2 per cent. of the Gross Issue Proceeds.

These costs and expenses will be paid on Admission and will include, without limitation, placing fees and commissions; registration, listing and admission fees; printing, advertising and distribution costs; legal and other professional fees, and any other applicable expenses.

On the assumption that the Company achieves its target Issue size of £200 million, and given that the initial expenses of the Issue to be borne by the Company will be fixed at an amount equal to 2 per cent. of the Gross Issue Proceeds, the Net Issue Proceeds and the NAV of the Company immediately following Admission will be £196 million and the NAV per Share will be 98 pence.

Ongoing Annual Expenses

Fees payable to the Investment Adviser

The Investment Adviser will be entitled to an advisory fee (payable in cash) and a performance fee (usually payable predominantly in Shares subject to an 18 month lock up arrangement). The aggregate amount for both the advisory fee and the performance fee in respect of any Accounting Period will not exceed 5 per cent. of the Net Asset Value at the end of that Accounting Period.

Advisory Fee

1.1 The Investment Adviser shall be entitled to receive an advisory fee calculated on the following basis:

1.1.1 for the period between Admission and 30 June 2019:

- (A) 1.5 per cent. per annum of the Gross Total Proceeds of up to £200 million;
- (B) 1.25 per cent. per annum of the Gross Total Proceeds in excess of £200 million and up to £300 million; and

(C) 1 per cent. per annum of the Gross Total Proceeds in excess of £300 million.

1.1.2 thereafter:

- (A) 1.5 per cent. per annum of the Average Market Capitalisation of up to £200 million;
- (B) 1.25 per cent. per annum of the Average Market Capitalisation in excess of £200 million and up to £300 million; and
- (C) 1 per cent. per annum of the Average Market Capitalisation in excess of £300 million,

(together, the “**Advisory Fee**”).

- 1.2 The Advisory Fee shall be payable quarterly in advance for the first four quarters following Admission and monthly in arrear thereafter. The Advisory Fee shall be payable on a *pro rata* basis in respect of any period for which such fee is payable that is less than a complete quarter or month (as the case may be). The Advisory Fee will be shared by the Fund Entities in such proportions as may be agreed between them from time to time.
- 1.3 The Investment Adviser may at its discretion enter into arrangements with certain investors who subscribe to invest 19 per cent. or more in the Issue pursuant to which the Investment Adviser will rebate to such investors a proportion of its Advisory Fee received from the Company, such rebate to be calculated by reference to the number of Shares held by such investors from time to time.

Performance Fee

- 1.4 In respect of each Accounting Period, the Investment Adviser (or, where the Investment Adviser so directs, any member of the Investment Adviser’s Team) shall be entitled to receive a performance fee (the “**Performance Fee**”) equal to 10 per cent. of the Excess Total Return relating to that Accounting Period provided that the Performance Fee shall be capped such that the sum of the Advisory Fee and the Performance Fee paid in respect of that Accounting Period is no more than 5 per cent. of the Net Asset Value at the end of that Accounting Period.
- 1.5 The amount of Performance Fee payable to the Investment Adviser shall be paid in the form of a combination of cash and Shares issued by the Company to the Investment Adviser (or any member(s) of the Investment Adviser’s Team in such proportions as the Investment Adviser directs) or purchased from the secondary market (the “**Performance Shares**”) in accordance with the provisions below:
 - 1.5.1 the Company shall pay an amount equal to all taxes and charges payable by the Investment Adviser (or such members of the Investment Adviser’s Team as the Investment Adviser directs) with respect to the Performance Fee in cash; and
 - 1.5.2 subject to paragraph 1.5.3, with respect to the remaining portion of the Performance Fee (the “**Performance Share Amount**”):
 - (A) if the Average Trading Price is equal to or higher than the last reported NAV per Share (as adjusted to exclude any dividend which is included in such quotations if the Shares delivered are ex that dividend), the Company will issue to the Investment Adviser (or such members of the Investment Adviser’s Team as the Investment Adviser directs) in payment of the Performance Share Amount such number of new Shares credited as fully paid as is equal to Performance Share Amount divided by Average Trading Price (rounded to the nearest whole Share);
 - (B) if the Average Trading Price is lower than the last reported NAV per Share (as adjusted to exclude any dividend which is included in such quotations if the Shares delivered are ex that dividend), the Company shall satisfy its obligation to pay the Performance Share Amount by the application of an amount equal to the Performance Share Amount to the purchase of Shares for cash in the secondary market at a price no greater than the last reported NAV per Share (subject to the adjustments referred to above). In making, or directing a broker or other agent of the Company to make any such purchases, the Company shall act as the agent of the Investment Adviser (or such members of the Investment Adviser’s Team as the Investment Adviser directs) and not as principal. If it is not possible to apply all of the Performance Share Amount to the acquisition of Shares in the

secondary market at or below the last reported NAV per Share (subject to the adjustments referred to above) within two months following the Payment Due Date, then the Investment Adviser may (on behalf of itself and any members of the Investment Adviser's Team as the case may be) elect to extend that period for up to an additional four months or require that the Company issue such number of new Shares as is equal to the remainder of the Performance Share Amount divided by the last reported NAV per Share (subject to the adjustments referred to above and rounded down to the nearest whole Share). Any balance of the Performance Share Amount remaining unpaid at the end of such extended period will be paid by the Company issuing a number of new Shares (rounded down to the nearest whole number) with an aggregate value equal to such balance on the basis of the then last reported NAV per Share (subject to the adjustments referred to above).

- 1.5.3 The Performance Share Amount shall be payable by the Company in cash to the extent necessary if:
- (A) the Company is limited or prohibited from issuing or acquiring Shares by any Applicable Requirement;
 - (B) to the extent that the acquisition of the Performance Shares would require the Investment Adviser or any member of the Investment Adviser's Team (individually or as a group) to make a mandatory bid under Rule 9 of the Takeover Code; or
 - (C) where applicable, the Company does not have authority to issue the relevant Shares on a non-pre-emptive basis.
- 1.6 The Investment Adviser shall neither offer, sell, contract to sell, pledge, mortgage, charge, assign, grant options over, or otherwise dispose of, directly or indirectly, any Performance Shares nor mandate a third party to do so on its behalf, or announce the intention to do so (together, a "**Disposal**") for a period of 18 months immediately following the relevant Payment Due Date in relation to such Performance Shares (the "**Lock-up Period**"). To the extent that the Performance Shares are issued to any members of the Investment Adviser's Team, the Investment Adviser shall procure that such persons are bound by similar restrictions on Disposal for the Lock-Up Period (and each Fund Entity has third party rights to enable any of them to enforce such restrictions on Disposal).
- 1.7 The restriction in paragraph 1.6 shall not apply where the Investment Adviser has:
- 1.7.1 received the prior written consent of the Company (on behalf of itself and the other Fund Entities) provided that such consent shall not be unreasonably withheld or delayed where the proposed Disposal is made by a person ("**that person**") to:
 - (A) a member of that person's family (meaning that person's wife, husband, parents or adult child, grandchild or siblings); or
 - (B) any other person or persons acting in the capacity of trustee or trustees of a trust created by, or including as principal beneficiary, that person and/or members of that person's family (as described in paragraph 1.7.1(A)); or
 - (C) any transfer to or by the personal representatives of that person upon their death, provided that unless waived by the Company (in its sole discretion), the transferee in each case is bound by similar restrictions on Disposal for the remainder of the Lock-Up Period as set out in paragraph 1.6 (and each Fund Entity has third party rights to enable any of them to enforce such restrictions on Disposal);
 - 1.7.2 accepted a general offer for the issued share capital of the Company made in accordance with the Takeover Code (a "**General Offer**");
 - 1.7.3 sold the Performance Shares to an offeror or potential offeror during an offer period (within the meaning of the Takeover Code);
 - 1.7.4 made any Disposal pursuant to an offer by the Company to purchase its own Shares where such an offer is made on identical terms to all holders of Shares in the Company;

- 1.7.5 made any Disposal through the implementation of any scheme of arrangement by the Company or other procedure to effect an amalgamation to give effect to a General Offer;
- 1.7.6 sold or transferred the Performance Shares pursuant to an order made by a court with competent jurisdiction or where required by applicable law or regulation; or
- 1.7.7 made a Disposal pursuant to any decision or ruling by an administrator, administrative receiver or liquidator appointed to the Investment Adviser in connection with a winding-up or liquidation of the Investment Adviser.

Definitions

“Average Market Capitalisation” means, in relation to each month where the Advisory Fee is payable, **“A”** multiplied by **“B”**, where:

“A” is the average of the middle market quotations of the Shares for the five day period ending on the last Business Day of that month (adjusted as appropriate to exclude any dividend where the Shares are quoted ex such dividend at any time during that five day period); and

“B” is weighted average of the number of Shares in issue (excluding any Shares held in treasury) at the end of each day during that month;

“Average Trading Price” means the average of the middle market quotations of the Shares (as adjusted to exclude any dividend which is included in such quotations if the Shares delivered are ex that dividend) for the five day period ending on the Business Day immediately preceding the Payment Due Date;

“Closing Market Capitalisation” means, in relation to each Accounting Period, **“C”** multiplied by **“D”**, where:

“C” is the Performance Share Price; and

“D” is the weighted average of the number of Shares in issue (excluding any shares held in treasury) at the end of each day during the Accounting Period;

“Excess Total Return” means, in relation to each Accounting Period, the amount by which the Closing Market Capitalisation exceeds **“E”** multiplied by **“F”**, where:

“E” is the higher of: (i) the Performance Hurdle and (ii) High Watermark; and

“F” is the weighted average of the number of Shares in issue (excluding any Shares held in treasury) at the end of each day during that Accounting Period;

“Gross Total Proceeds” means the sum of the Gross Issue Proceeds and any additional capital proceeds raised between Admission and 30 June 2019 through subsequent issue of Shares or C Shares;

“High Watermark” means the Performance Share Price in respect of the last Accounting Period in respect of which a Performance Fee was payable by the Company;

“Investment Adviser’s Team” means any Affiliates of the Investment Adviser and any directors, officers, employees, partners or members of the Advisory Board of the Investment Adviser or its Affiliates from time to time;

“Issue Price” means 100 pence per Share;

“Payment Due Date” means the date of invoice from the Investment Adviser in respect of the Performance Fee;

“Performance Hurdle” means an increase in the Issue Price equal to 10 per cent. per annum (calculated from Admission and compounded annually) subject to adjustments from time to time to take into account any consolidation or sub-division of Shares or any other reconstruction, amalgamation or adjustment relating to the share capital of the Company (or any share, stock or security derived therefrom or convertible therein);

“Performance Share Price” means, in relation to each Accounting Period, the average of the middle market quotations of the Shares for the one month period ending on the last Business Day of that Accounting Period (which shall be adjusted as appropriate: (i) to include any dividend declared but not paid where the Shares are quoted ex such dividend at any time during that month; (ii) to exclude any dividend paid in respect of the Shares during that month; and (iii) for the PSP Adjustments); and

“**PSP Adjustments**” means adjustments to the Performance Share Price to: (i) include the gross amount of any dividends and/or distributions paid in respect of a Share since Admission; and (ii) make such adjustments to take account of C Shares as were agreed between the Company and the Investment Adviser, acting reasonably and in good faith, at the time of issuance of such C Shares.

Further details of the Investment Advisory Agreement are set out at paragraph 5.2 of Part VIII (*Additional Information*) of this Prospectus.

Other fees and expenses

The Company will also incur ongoing annual fees and expenses other than the Advisory Fee. In the first year, the expenses incurred by the Company are expected to be 0.8 per cent. of the Gross Issue Proceeds, assuming an Issue of 200 million Shares.

These fees and expenses will include the following:

(i) **Registrar**

Under the terms of the Registrar Agreement, the Registrar is entitled to a fixed fee of £6,500 per annum, together with additional ad hoc fees in respect of additional out of scope services provided by the Registrar. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

(ii) **Fund Administrator**

Pursuant to the Administration Agreements, the Fund Administrator and Heritage Administration Services Limited will be entitled to an aggregate annual fee of £192,000 together with additional ad hoc fees in respect of certain additional services, such fees being payable monthly in arrear and subject to periodic review.

(iii) **Directors**

The Directors will be remunerated for their services at a fee of £35,000 per annum (£45,000 for the Chairman). The chairman of the Audit and Risk Management Committee will receive an additional £5,000 for his services in this role. Mr Perry and Mr Sutch will not receive additional remuneration for their respective roles as chairman of the Portfolio Committee and the Asset Management Committee. Further information in relation to the remuneration of the Directors is set out in Part VIII (*Additional Information*) of this Prospectus.

(iv) **Other operational expenses**

All other ongoing operational expenses of the Company (excluding fees paid to service providers as detailed above) will be borne by the Company including, without limitation, the incidental costs of making its investments and the implementation of its investment objective and policy; a retainer for legal services in connection with Song acquisitions as well as ongoing royalty/licensing issues and other legal services (pursuant to the agreement summarised out in paragraph 5.8 of Part VIII (*Additional Information*) of this Prospectus); travel, accommodation and printing costs; the cost of directors' and officers' liability insurance and website maintenance; audit and legal fees; and annual UKLA and LSE fees. All reasonably and properly incurred out of pocket expenses of the Investment Adviser (including travel expenses as specified in the Investment Advisory Agreement) and all other third party services providers relating to the Company will be borne by the Company.

PART VI: ISSUE ARRANGEMENTS

The Issue

The target size of the Issue is £200 million through the issue of 200 million Shares at an Issue Price of 100 pence per Share. The target Issue size should not be taken as an indication of the number of Shares that will be issued. The actual number of Shares to be issued pursuant to the Issue and, therefore, the Gross Issue Proceeds, is not known as at the date of this Prospectus but will be notified by the Company via a Regulatory Information Service announcement prior to Admission.

The Issue will not proceed if the Gross Issue Proceeds would be less than £100 million (or such lesser amount as the Company and Cenkos may determine and notify to investors via a supplementary prospectus). The Issue may also be revoked by the Company if Admission does not occur by 8.00 a.m. on 10 July 2017 (or such other date as the Company and Cenkos may agree, being not later than 31 August 2017), or, if earlier, on the date on which the Placing and/or the Offer ceases to be capable of becoming unconditional). If the Issue does not proceed, subscription monies received will be returned without interest at the risk of the applicant.

Notwithstanding the target Issue size, a maximum number of 250 million Shares with an Issue Price of 100 pence per Share may be issued pursuant to the Issue under this Prospectus.

The Issue is not being underwritten.

Proceeds of the Issue

The Company's objective is to provide Shareholders with an attractive and growing level of income, together with the potential for capital growth, from investment in Songs and associated musical intellectual property rights, in accordance with its Investment Policy. The Net Issue Proceeds will be invested in accordance with the Investment Policy. The Company will invest in a Portfolio of Songs and associated musical intellectual property rights and will seek to acquire 100 per cent. of a songwriter's copyright interest in each Song, which would comprise their writer's share, their publisher's share and their performance rights.

The Placing

The Company, the Investment Adviser and Cenkos have entered into the Placing Agreement pursuant to which Cenkos has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Shares under the Placing at the Issue Price in return for the payment by the Company of placing commissions. Cenkos may, at its discretion and out of its own resources, agree to rebate or share a portion of any placing commission received by it pursuant to the Issue to any agent it may retain or to any third party as it may decide. These third parties may include intermediaries appointed in connection with the Issue.

A summary of the terms of the Placing Agreement is set out in paragraph 5.1 of Part VIII (*Additional Information*) of this Prospectus.

The Offer

The Company is also offering the Shares to investors in the United Kingdom pursuant to the Offer.

The Terms and Conditions of Application relating to the Offer are set out in Part IX (*Terms and Conditions of the Offer for Subscription*) of this Prospectus and notes on how to complete the Application Form and the Application Form are set out in Appendix I and Appendix II, respectively, to this Prospectus. The Terms and Conditions of Application should be read carefully before an application is made. Application Forms must be posted to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH, or delivered by hand (during normal business hours only) to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE, so as to arrive by no later than 11.00 a.m. on 5 July 2017. Unless extended, the Offer will be closed at that time.

Applications under the Offer must be for Shares with a minimum subscription amount of £1,000 and thereafter in multiples of £100. Application Forms accompanied by a cheque or banker's draft in Sterling made payable to "Computershare Investor Services PLC re: Hipgnosis Songs Fund Limited – Offer for Subscription A/C" and crossed "A/C Payee Only" for the appropriate sum should be returned to the Receiving Agent by no later than 11.00 a.m. on 5 July 2017. If the Offer

is extended, the revised timetable will be notified to any investors who have returned Application Forms.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 5 July 2017. Please contact Computershare Investor Services PLC by email at OFSPaymentQueries@computershare.co.uk and Computershare will then provide applicants with a unique reference number which must be used when sending payment.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to Computershare's participant account 8RA22 by no later than 1.00 p.m. on 7 July 2017, allowing for the delivery and acceptance of Shares to be made against payment of the Issue Price per Share, following the CREST matching criteria set out in the Application Form. Applications may be rejected in whole or in part at the sole discretion of the Company.

Scaling back and allocation

The basis of allocation of Shares shall be at the sole discretion of Cenkos, after consultation with the Company and the Investment Adviser.

Were aggregate applications for Shares under the Placing and the Offer to exceed the maximum size of the Issue, it would be necessary to scale back applications under the Issue. Cenkos reserves the right, at its sole discretion but after consultation with the Company and the Investment Adviser, to scale back applications in such amounts as it considers appropriate. The Company reserves the right to decline in whole or in part any application for Shares pursuant to the Issue. Accordingly, applicants for Shares may, in certain circumstances, not be allotted the number of Shares for which they have applied.

The Company will notify investors of the number of Shares in respect of which their applications have been successful and the results of the Issue will be announced by the Company on 6 July 2017 via a RIS announcement.

Subscription monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant either to the bank account from which the money was received or by cheque.

General

Pursuant to anti-money laundering laws and regulations with which the Company must comply in the UK and/or Guernsey, the Company (and their agents) may require evidence in connection with any application for Shares, including further identification of the applicant(s), before any Shares are issued.

In the event that there are any significant changes affecting any of the matters described in this Prospectus or where any significant new matters have arisen after the publication of this Prospectus and prior to Admission, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the significant change(s) or the significant new matter(s).

The Directors (in consultation with Cenkos) may in their absolute discretion waive the minimum application amounts in respect of any particular application for Shares under the Issue.

Should the Issue be aborted or fail to complete for any reason, monies received will be returned without interest at the risk of the applicant.

Definitive certificates in respect of Shares in certificated form will be dispatched by post in the week commencing 17 July 2017, at the Shareholder's own risk.

Clearing and settlement

In the case of the Placing, payment for the Shares should be made in accordance with settlement instructions to be provided to Placees by (or on behalf of) the Company or Cenkos. In the case of the Offer, payment for the Shares should be made in accordance with the Terms and Conditions of the Offer in Part IX (*Terms and Conditions of the Offer for Subscription*) of this Prospectus and in the Application Form. To the extent that any application for Shares is rejected in whole or in part (whether by scaling back or otherwise), monies received will be returned without interest at the risk of the applicant.

Shares will be issued in registered form and may be held in either certificated or uncertificated form and settled through CREST from Admission. In the case of Shares to be issued in

uncertificated form pursuant to the Issue, these will be transferred to successful applicants through the CREST system. Accordingly, settlement of transactions in the Shares following Admission may take place within the CREST system if any Shareholder so wishes.

Shares issued under the Offer will be issued to successful applicants in accordance with the Terms and Conditions of the Offer set out in Part IX (*Terms and Conditions of the Offer for Subscription*) of this Prospectus.

CREST is a paperless book-entry settlement system operated by Euroclear UK and Ireland which enables securities to be evidenced otherwise than by certificates and transferred otherwise than by written instrument. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so.

It is expected that the Company will arrange for Euroclear UK and Ireland to be instructed on 10 July 2017 to credit the appropriate CREST accounts of the subscribers concerned or their nominees with their respective entitlements to Shares. The names of subscribers or their nominees investing through their CREST accounts will be entered directly on to the share register of the Company.

The transfer of Shares outside of the CREST system following the Issue should be arranged directly through CREST. However, an investor's beneficial holding held through the CREST system may be exchanged, in whole or in part, only upon the specific request of the registered holder to CREST for share certificates or an uncertificated holding in definitive registered form. If a Shareholder or transferee requests Shares to be issued in certificated form and is holding such Shares outside CREST, a share certificate will be despatched either to them or their nominated agent (at his risk) within 21 days of completion of the registration process or transfer, as the case may be, of the Shares. Shareholders (other than U.S. Persons) holding definitive certificates may elect at a later date to hold such Shares through CREST or in uncertificated form provided they surrender their definitive certificates.

ISAs and SSAS/SIPPs

General

Shares issued by the Company should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£20,000 in the tax year 2017 to 2018).

Selling shares within an ISA to reinvest would not count towards the Shareholder's annual limit and for "flexible" ISAs (which does not include junior ISAs). Shareholders are entitled to withdraw and replace funds in their stocks and shares ISA, in the same tax year, without using up their annual subscription limit.

The Board have been advised that the Shares should be eligible for inclusion in SIPP or SSAS, subject to the discretion of the trustees of the SIPP or the SSAS, as the case may be.

Individuals wishing to invest in Shares through an ISA, SSAS or SIPP should contact their professional advisers regarding their eligibility.

Offer

Shares allotted under the Offer will be eligible for inclusion in an ISA, subject to the applicable subscription limits to new investments into an ISA, as set out above, being complied with.

Placing

Shares allotted under the Placing are not eligible for inclusion in an ISA.

Secondary market purchases

Shares acquired by an account manager by purchase in the secondary market, subject to applicable subscription limits, as set out above, will be eligible for inclusion in an ISA.

Dealings

Application will be made to the UK Listing Authority and the London Stock Exchange respectively for the Shares issued pursuant to the Issue to be admitted to the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority and to be admitted to trading on the Premium Segment of the Main Market of the London Stock Exchange.

It is expected that Admission will become effective and that unconditional dealing in the Shares will commence at 8.00 a.m. on 10 July 2017.

The ISIN number of the Shares is GG00BF03C303 and the SEDOL is BF03C30.

The Company does not guarantee that at any particular time any market maker(s) will be willing to make a market in the Shares, nor does it guarantee the price at which a market will be made in the Shares. Accordingly, the dealing price of the Shares may not necessarily reflect changes in the Net Asset Value.

Purchase and transfer restrictions

The Company has elected to impose the restrictions described below on the Issue and on the future trading of the Shares so that the Company will not be required to register the offer and sale of the Shares under the U.S. Securities Act, so that the Company will not have an obligation to register as an “investment company” under the U.S. Investment Company Act and related rules, and in order to address certain ERISA, U.S. Tax Code and other considerations. These restrictions will remain in effect until the Company determines in its sole discretion to remove them, and may adversely affect the ability of holders of the Shares to trade such securities. The Company and its agents will not be obligated to recognise any resale or other transfer of the Shares made other than in compliance with the restrictions described below.

Representations, Warranties and Undertakings

Unless otherwise expressly agreed with the Company, each subscriber of Shares in the Issue and each subsequent transferee of the Shares, by acquiring Shares or any beneficial interest therein, will be deemed to have represented, warranted, undertaken, agreed and acknowledged as follows as of the date it subscribes for or otherwise acquires such Shares or any beneficial interest therein:

- (a) it is not a U.S. Person as defined in Regulation S under the U.S. Securities Act, it is not located within the United States and it is not acquiring the Shares for the account or benefit of any U.S. Person;
- (b) it is acquiring the Shares in an “offshore transaction” meeting the requirements of Regulation S under the U.S. Securities Act;
- (c) the Shares have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, resold, pledged, delivered, distributed or otherwise transferred, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States and in a manner which would not result in the Company being required to register under the U.S. Investment Company Act;
- (d) the Company has not been and will not be registered under the U.S. Investment Company Act and as such investors are not and will not be entitled to the benefits of the U.S. Investment Company Act, and that the Company has put in place restrictions on the ability of investors to hold or transfer Shares to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- (e) no portion of the assets used to purchase, and no portion of the assets used to hold, the Shares or any beneficial interest therein constitutes or will constitute the assets of: (i) an “employee benefit plan” as defined in Section 3(3) of ERISA that is subject to Title I of ERISA; (ii) a “plan” as defined in Section 4975 of the U.S. Tax Code, including an individual retirement account or other arrangement that is subject to Section 4975 of the U.S. Tax Code; or (iii) an entity which is deemed to hold the assets of any of the foregoing types of plans, accounts or arrangements that is subject to Title I of ERISA or Section 4975 of the U.S. Tax Code. In addition, if an investor is a governmental, church, non-U.S. or other employee benefit plan that is subject to any federal, state, local or non-U.S. law that is substantially similar to the provisions of Title I of ERISA or Section 4975 of the U.S. Tax Code, its purchase, holding, and disposition of the Shares must not constitute or result in a non-exempt violation of any such substantially similar law;
- (f) if any Shares are issued to it in certificated form, then such certificates evidencing ownership will contain a legend substantially to the following effect unless otherwise determined by the Company in accordance with applicable law:

HIPGNOSIS SONGS FUND LIMITED (THE “COMPANY”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “U.S. INVESTMENT COMPANY ACT”). IN ADDITION, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED EXCEPT (I) IN AN “OFFSHORE TRANSACTION” COMPLYING WITH THE PROVISIONS OF REGULATION S UNDER THE U.S. SECURITIES ACT TO A PERSON OUTSIDE THE UNITED STATES AND NOT KNOWN BY THE TRANSFEROR TO BE A “U.S. PERSON” AS DEFINED IN REGULATION S UNDER THE U.S. SECURITIES ACT (A “U.S. PERSON”) OR ACTING FOR THE ACCOUNT OR BENEFIT OF A U.S. PERSON, BY PRE-ARRANGEMENT OR OTHERWISE, OR (II) TO THE COMPANY OR A SUBSIDIARY THEREOF, IN EACH CASE UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE U.S. INVESTMENT COMPANY ACT AND IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS

NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SECURITIES OF THE COMPANY REPRESENTED BY THIS CERTIFICATE MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE COMPANY’S SECURITIES, ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK;

- (g) if in the future it decides to offer, resell, transfer, assign, pledge or otherwise dispose of the Shares or any beneficial interest therein, it will do so only (i) in an “offshore transaction” complying with the provisions of Regulation S under the U.S. Securities Act to a person outside the United States and not known by the transferor to be a U.S. Person or acting for the account or benefit of a U.S. Person, by prearrangement or otherwise, or (ii) to the Company or a subsidiary thereof.
- (h) it acknowledges that any offer, resale, transfer, assignment, pledge or other disposal made other than in compliance with the above stated restrictions will be subject to the compulsory transfer provisions as provided in the Articles;
- (i) it is purchasing the Shares for its own account or for one or more investment accounts for which it is acting as a fiduciary or agent, in each case for investment only, and not with a view to or for any distribution, sale or other transfer of the Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable laws;
- (j) it, upon the request of the Company or its delegate, will provide such information as is necessary to comply with FATCA and any obligations arising out of the U.S. Guernsey IGA, the UK Guernsey IGA and similar IGAs and the Common Reporting Standard or similar regimes and any related legislation and/or regulations;
- (k) it acknowledges that the Company reserves the right to make inquiries of any holder of Shares or interests therein at any time as to such person’s status under the U.S. federal securities laws and to require any such person that has not satisfied the Company that holding by such person will not violate or require registration under the U.S. federal securities laws to transfer such Shares or interests in accordance with the Articles;
- (l) it acknowledges that the Company may receive a list of participants holding positions in its securities from one or more book entry depositories;
- (m) if it is acquiring any Shares as a fiduciary or agent for one or more accounts, it has sole investment discretion with respect to each such account and full power and authority to make, and does make, each of the representations, warranties, undertakings, agreements and acknowledgements contained herein on behalf of each such account; and
- (n) the representations, warranties, undertakings, agreements and acknowledgements contained herein are irrevocable and it acknowledges that the Company, the Investment Adviser, Cenkos and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of, and compliance with, such representations, warranties,

undertakings, agreements and acknowledgments. If any of the representations, warranties, undertakings, agreements or acknowledgments contained herein are no longer accurate or have not been complied with, it will immediately notify the Company.

Intermediaries

In connection with the Placing, Cenkos may appoint certain Intermediaries (some of which may be affiliates of members of the Advisory Board) to market the Shares to potential investors in the UK. Intermediaries may be appointed by Cenkos after the date of this Prospectus.

Each Intermediary will on appointment agree, to the Intermediaries Terms and Conditions, which regulate, *inter alia*, the conduct of the Intermediaries in relation to the offering of Shares on market standard terms, the Member States in which the relevant Intermediary may use this Prospectus for subsequent resale, and provide for the payment of commission to any such Intermediaries that elect to receive commission from Cenkos.

Each Intermediary will make a single application pursuant to the Placing in its own name, as nominee, for the aggregate number of Shares procured by it via subscriptions from underlying retail investors.

Each applicant who applies for Shares via an Intermediary must comply with the appropriate money laundering checks required by the relevant Intermediary. Where an application is not accepted or there are insufficient Shares available to satisfy an application in full (due to scaling back of subscriptions or otherwise), the relevant Intermediary will be obliged to refund the applicant as required and all such refunds shall be made without interest and at no cost to the Company. The Company and Cenkos accept no responsibility with respect to the obligation of the Intermediaries to refund monies in such circumstances.

Pursuant to the Intermediaries Terms and Conditions, the Intermediaries will undertake to make payment on their own behalf for the consideration for any Shares subscribed pursuant to the Placing by means of the CREST system against delivery of the Shares.

The publication of the Prospectus and any actions of the Company, Cenkos, the Intermediaries or other persons in connection with the Placing should not be taken as any representation or assurance as to the basis on which the number of Shares to be offered under the Placing or allocations between applications in the Placing (from Intermediaries or otherwise) will be determined and any such actions or statements are hereby disclaimed by the Company, Cenkos and the Intermediaries.

PART VII: TAXATION

1. GENERAL

The information below, which relates only to Guernsey and the UK, summarises the advice received by the Board and is applicable to the Company and (except in so far as express reference is made to the treatment of other persons) to persons who are resident in Guernsey or the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current Guernsey and UK tax law and published practice, respectively, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). It is not intended to be, nor should it be construed to be, legal or tax advice. Certain Shareholders, such as dealers in securities, collective investment schemes, insurance companies and persons acquiring their Shares in connection with their employment may be taxed differently and are not considered. The tax consequences for each Shareholder of investing in the Company may depend upon the Shareholder's own tax position and upon the relevant laws of any jurisdiction to which the Shareholder is subject.

If you are in any doubt about your tax position, you should consult your professional adviser.

2. UNITED KINGDOM

2.1 The Company

The Directors have been advised that following certain changes to the United Kingdom tax rules regarding "alternative investment funds" implemented by the Finance Act 2014 and contained in section 363A of the Taxation (International and other Provisions) Act 2010 the Company should not be resident in the United Kingdom for United Kingdom tax purposes. Accordingly, and provided that the Company does not carry on a trade in the UK (whether or not through a branch, agency or permanent establishment situated therein) and is not centrally managed and controlled in the UK, the Company will not be subject to UK income tax or corporation tax other than on any UK source income.

2.2 Shareholders

UK Offshore Fund Rules

If the Company meets the definition of an "offshore fund" for the purpose of UK taxation, then in order for a UK Shareholder to be taxed under the regime for tax on chargeable gains (rather than on an income basis) on a disposal of Shares, the Company must apply to HM Revenue & Customs to be treated as a reporting fund and maintain reporting fund status throughout the period in which the UK Shareholder holds the Shares.

The Directors are of the opinion that, under current law, the Company should not be an "offshore fund" for the purposes of UK taxation, and legislation contained in Part 8 of the Taxation (International and Other Provisions) Act 2010 (other than section 363A referred to above), should not apply.

Accordingly, Shareholders (other than those holding Shares as dealing stock, who are subject to separate rules) who are resident in the UK, or who carry on business in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected, may, depending on their circumstances and subject as mentioned below, be liable to UK tax on chargeable gains realised on the disposal of their Shares.

Tax on Chargeable Gains

A disposal of Shares (including a disposal on a winding-up of the Company) by a Shareholder who is resident in the United Kingdom for tax purposes, or who is not so resident but carries on a trade in the UK through a branch agency or permanent establishment in connection with which their investment in the Company is used, held or acquired, may give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of chargeable gains, depending on the Shareholder's circumstances and subject to any available exemption or relief.

UK-resident and domiciled individual Shareholders have an annual exemption, such that capital gains tax is chargeable only on gains arising from all sources during the tax year in excess of this figure. The annual exemption is £11,300 for the tax year 2017-2018. For such

individual Shareholders, capital gains tax will be chargeable on a disposal of Shares at the applicable rate (currently 10 per cent. (for basic rate taxpayers) or 20 per cent. (for higher or additional rate taxpayers)).

Generally, an individual Shareholder who has ceased to be resident in the UK for tax purposes for a period of five years or less and who disposes of Shares during that period may be liable on their return to the UK to UK taxation on any chargeable gain realised (subject to any available exemption or relief). Special rules apply to Shareholders who are subject to tax on a “split-year” basis, who should seek specific professional advice if they are in any doubt about their position.

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax at the rate of corporation tax applicable to that Shareholder (currently at a rate of 19 per cent. from 1 April 2017 and reducing to 17 per cent. from 1 April 2020) on chargeable gains arising on a disposal of their Shares. Indexation allowance may apply to reduce the amount of chargeable gain that is subject to corporation tax but may not create or increase any allowable loss.

Shareholders who are neither resident in the UK, nor temporarily non-resident for the purposes of the anti-avoidance legislation referred to above, and who do not carry on a trade in the UK through a branch, agency or permanent establishment with which their investment in the Company is connected, should not be subject to United Kingdom taxation on chargeable gains on a disposal of their Shares.

Dividends

Significant changes have been made to the income tax treatment of dividends with effect from 6 April 2016, with the dividend tax credit abolished and replaced with a nil rate of income tax on the first £5,000 of dividend income in a tax year (the “**Nil Rate Amount**”). Any dividend income received by a UK resident individual Shareholder in excess of the Nil Rate Amount will be subject to income tax at a rate of 7.5 per cent. to the extent that it is within the basic rate band, 32.5 per cent. to the extent that it is within the higher rate band and 38.1 per cent. to the extent that it is within the additional rate band. The Government announced in the Spring Budget 2017 that it would reduce the Nil Rate Amount to £2,000 from April 2018.

Dividend income that is within the Nil Rate Amount counts towards an individual’s basic or higher rate limits – and will therefore affect the level of savings allowance to which they are entitled, and the rate of tax that is due on any dividend income in excess of the Nil Rate Amount. In calculating into which tax band any dividend income over the Nil Rate Amount falls, savings and dividend income are treated as the highest part of an individual’s income. Where an individual has both savings and dividend income, the dividend income is treated as the top slice.

A corporate Shareholder who is tax resident in the UK or carries on a trade in the UK through a permanent establishment in connection with which its Shares are held will be subject to UK corporation tax on the gross amount of any dividends paid by the Company, unless the dividend falls within one of the exempt classes set out in Part 9A of the Corporation Tax Act 2009. It is anticipated that dividends paid on the Shares to UK tax resident corporate Shareholders would generally (subject to anti-avoidance rules) fall within one of those exempt classes, however, such Shareholders are advised to consult their independent professional tax advisers to determine whether such dividends will be subject to UK corporation tax. If the dividends do not fall within any of the exempt classes, the dividends will be subject to tax currently at a rate of 19 per cent. from 1 April 2017 and reducing to 17 per cent. from 1 April 2020.

Stamp duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT will arise on the issue of Shares. No UK stamp duty will be payable on a transfer of Shares, provided that all instruments effecting or evidencing the transfer (or all matters or things done in relation to the transfer) are not executed in the UK and no matters or actions relating to the transfer are performed in the UK.

Provided that the Shares are not registered in any register kept in the UK by or on behalf of the Company and that the Shares are not paired with shares issued by a company incorporated in the UK, any agreement to transfer the Shares will not be subject to UK SDRT.

ISAs and SSAS/SIPPs

Investors resident in the United Kingdom who are considering acquiring Shares are recommended to consult their own tax and/or investment adviser in relation to the eligibility of the Shares for ISAs and SSAS/SIPPs.

Shares acquired pursuant to the Offer (but not the Placing) should be eligible for inclusion in a stocks and shares ISA. On Admission, Shares acquired in the market should be eligible for inclusion in a stocks and shares ISA, subject to applicable subscription limits.

The annual ISA investment allowance is £20,000 for the tax year 2017 to 2018.

The Shares should be eligible for inclusion in a SSAS or SIPP, subject to the discretion of the trustees of the SSAS or SIPP, as the case may be.

Other UK Tax Considerations

The attention of individuals resident in the UK for taxation purposes is drawn to Chapter 2, Part 13 of the Income Tax Act 2007, which may render them liable to income tax in respect of the undistributed income of the Company.

The UK “controlled foreign company” provisions subject UK resident companies to tax on the profits of companies not so resident in which they have a controlling interest, subject to certain “gateway” provisions and exemptions. UK corporate Shareholders are advised to consult their own professional tax advisers as to the implications of these provisions.

The attention of persons resident in the UK for taxation purposes is drawn to the provisions of section 13 Taxation of Chargeable Gains Act 1992 under which, in certain circumstances, a portion of chargeable gains made by a non-UK resident company can be attributed to UK resident participators to whom more than one quarter of any gain made by the company would be attributable. This applies if the non-UK resident company would be a close company were the company to be resident in the United Kingdom for taxation purposes.

3. GUERNSEY

3.1 The Company

The Company is eligible for exemption from income tax in Guernsey and therefore can apply for exempt status for Guernsey tax purposes under The Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended (the “**Exempt Ordinance**”). Under the provisions of the Exempt Ordinance, exemption is granted annually by the States of Guernsey Treasury and Resources Department (the “**Treasury Department**”), provided the Company continues to comply with the requirements of the Exempt Ordinance and upon payment of an annual fee which is currently fixed at £1,200. It is the intention of the Directors to apply for tax exempt status and to conduct the affairs of the Company to ensure that it continues to qualify for such exempt status.

Stamp duty

Guernsey does not currently impose stamp duty or capital duty on the issue or transfer of Shares.

3.2 Shareholders

Payments made by the Company to non-Guernsey resident Shareholders, whether made during the life of the Company or by distribution on the liquidation of the Company, will not be subject to Guernsey income tax and will therefore be paid gross.

Whilst the Company maintains tax exempt status under the Exempt Ordinance, the Company will not be required to deduct Guernsey income tax from distributions paid on any Share to Guernsey residents, however the Company must provide certain particulars to the Treasury Department annually and also make a return when renewing the Company’s exempt status of the names, addresses and gross amounts of distributions paid to Guernsey resident Shareholders during the previous year.

3.3 Implementation of the EU Savings Directive in Guernsey

The EU Savings Tax Directive (2003/48/EC) (the “**EU Savings Tax Directive**”) relating to withholding of tax or automatic exchange of information on cross border interest payments to EU residents came into force on 1 July 2005. Although not a member of the European Union, Guernsey, in common with certain other jurisdictions, entered into bilateral agreements with each of the EU Member States.

On 18 March 2015 the European Commission announced a proposal to repeal the EU Savings Tax Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States. This was to prevent overlap between the EU Savings Tax Directive and the automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). This proposal was formally adopted by the Council of the European Union on 10 November 2015. Guernsey sent letters to all EU Member States within one week of repeal of the EU Savings Tax Directive to confirm the suspension of the bilateral EU Savings Tax Directive arrangements and to give the required notice of termination.

3.4 Foreign Account Tax Compliance Act (FATCA) and Common Reporting Standard

The governments of the United States and Guernsey have entered into the U.S. Guernsey IGA related to implementing FATCA which is implemented through Guernsey’s domestic legislation, in accordance with the regulations and guidance (such guidance is subject to change).

Guernsey also signed the UK Guernsey IGA with the UK. However, Guernsey has implemented the Common Reporting Standard or “CRS” regime with effect from 1 January 2016. Accordingly, following the applicable transitional period, reporting under the UK Guernsey IGA in respect of periods commencing on or after 1 January 2016 will be replaced by reporting under the CRS (as implemented in Guernsey).

Under the CRS and legislation enacted in Guernsey to implement the CRS with effect from 1 January 2016, certain disclosure requirements will be imposed in respect of certain investors who are, or are entities that are controlled by one or more natural persons who are, residents of any of the jurisdictions that have also adopted the CRS, unless a relevant exemption applies. Where applicable, information to be disclosed will include certain information about investors, their ultimate beneficial owners and/or controllers, and their investment in and returns from the Company. The CRS will be implemented through Guernsey’s domestic legislation in accordance with guidance issued by the OECD as supplemented by guidance notes in Guernsey.

Under the CRS, disclosure of information will be made to the Director of Income Tax in Guernsey for transmission to the tax authorities in other participating jurisdictions.

In subscribing for or acquiring Shares, each Shareholder is agreeing, upon the request of the Company or its delegate, to provide such information as is necessary to comply with FATCA and any obligations arising out of the U.S. Guernsey IGA, the UK Guernsey IGA and similar IGAs and the Common Reporting Standard or similar regimes and any related legislation and/or regulations.

Investors should consult with their respective tax advisers regarding the possible implications of FATCA, the U.S. Guernsey IGA, the UK Guernsey IGA and similar IGAs and the Common Reporting Standard and any other related legislation and/or regulations on their investment in the Company.

PART VIII: ADDITIONAL INFORMATION

1. INCORPORATION AND ADMINISTRATION

- 1.1 The Company is a newly established investment company limited by shares, registered and incorporated in Guernsey under the Companies Law on 31 May 2017 with registered number 63613. The Company is an investment company registered with the Guernsey Financial Services Commission under the Registered Collective Investment Scheme Rules 2015 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The registered office and principal operating establishment and place of business of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey GY1 4HY. The telephone number of the Company is 01481 716000. The statutory records of the Company will be kept at this address. The Company operates under the Companies Law and ordinances and regulations made thereunder and has no employees. The Company has an unlimited life.
- 1.2 The Directors confirm that the Company has not traded or commenced operations and that, as at the date of this Prospectus, no accounts of the Company have been made up since its incorporation on 31 May 2017.
- 1.3 PricewaterhouseCoopers CI LLP has been the only auditor of the Company since its incorporation. PricewaterhouseCoopers CI LLP is a member of the Institute of Chartered Accountants of England & Wales.
- 1.4 Save for its entry into the material contracts summarised in paragraph 5 of this Part VIII (*Additional Information*) of this Prospectus and certain non-material contracts, since its incorporation the Company has not carried on business, incurred borrowings, issued any debt securities, incurred any contingent liabilities or made any guarantees, nor granted any charges or mortgages.
- 1.5 As at the date of this Prospectus, there have been no changes to the issued share capital of the Company since incorporation.
- 1.6 There has been no significant change in the financial or trading position of the Group since its incorporation of the Company.

2. SHARE CAPITAL

- 2.1 The share capital of the Company consists of an unlimited number of: (i) ordinary shares of no par value which upon issue the Directors may classify as Shares; and (ii) C Shares denominated in such currencies as the Directors may determine. A maximum number of 250 million Shares will be issued pursuant to the Issue. All holders of the same class of Shares shall have the same voting rights in respect of the share capital of the Company.
- 2.2 As at the date of incorporation and as at the date of this Prospectus, the Company's issued share capital comprised one Share issued at a price of 100 pence.
- 2.3 As at the date of this Prospectus, the entire issued share capital of the Company, comprising one Share, is held by the Investment Adviser, being the subscriber to the Company's Memorandum. This Share will be redeemed by the Company on Admission.
- 2.4 The Directors have absolute authority to allot the Shares under the Articles and are expected to resolve to do so shortly prior to Admission in respect of the Shares to be issued pursuant to the Issue.
- 2.5 Pursuant to a written special resolution of the subscriber to the Memorandum dated 15 June 2017, pre-emption rights have been disapplied in respect of up to 1 billion Shares or C Shares (such figure to include the Shares issued pursuant to the Issue) for a period concluding immediately prior to the annual general meeting of the Company to be held in 2022 (or, if earlier, 5 years from the date of the relevant resolution).
- 2.6 Pursuant to a written ordinary resolution of the subscriber to the Memorandum dated 15 June 2017, the Directors have been granted general authority to purchase in the market up to 149,900,000 Shares (or, if lower, up to 14.99 per cent. of the Shares in issue immediately following Admission) at a price not exceeding the last reported NAV per Share as at the time of purchase, and such purchases will only be made in accordance with: (a) the Listing Rules, which currently provide that the maximum price to be paid per Share must not be more than the higher of: (i) five per cent. above the average of the mid-market values of the Shares for

the five Business Days before the purchase is made; or (ii) the higher of: (1) the price of the last independent trade; and (2) the highest current independent bid for a Share on the trading venues where the market purchases by the Company pursuant to the authority conferred by that resolution will be carried out; and (b) the Companies Law, which provides among other things that any such purchase is subject to the Company passing the solvency test contained in the Companies Law at the relevant time. The Directors intend to seek annual renewal of this authority from the Shareholders at the Company's annual general meetings.

- 2.7 The Shares will be issued and created in accordance with the Articles and the Companies Law.
- 2.8 The Shares are in registered form and, from Admission, will be capable of being held in uncertificated form and title to such Shares may be transferred by means of a relevant system (as defined in the CREST Regulations). Where the Shares are held in certificated form, share certificates will be sent to the registered members or their nominated agent (at their own risk) within 10 days of the completion of the registration process or transfer of the Shares, as the case may be. Where Shares are held in CREST, the relevant CREST stock account of the registered members will be credited. The Registrar, whose registered address is set out on page 49 of this Prospectus, maintains a register of Shareholders holding their Shares in CREST.
- 2.9 No share or loan capital of the Company is under option or has been agreed conditionally or unconditionally to be put under option.

3. DIRECTORS' AND OTHER INTERESTS

- 3.1 As at the date of this Prospectus, none of the Directors or any person connected with any of the Directors has a shareholding or any other interest in the share capital of the Company. However, the Directors and certain members of the Investment Adviser intend to subscribe for Shares pursuant to the Issue in the amounts set out below:

Name	Number of Shares
Andrew Sutch	20,000
Simon Holden	15,000
Rupert Perry CBE	10,000
Andrew Wilkinson	15,000
Merck Mercuriadis	100,000

- 3.2 As at the date hereof, insofar as is known to the Company, no person is or will, immediately following the Issue, be directly or indirectly interested in 3 per cent. or more of the Company's issued share capital.
- 3.3 There are no outstanding loans from the Company to any of the Directors or any outstanding guarantees provided by the Company in respect of any obligation of any of the Directors.
- 3.4 No Director has a service contract with the Company, nor are any such contracts proposed. Each of the Directors have been appointed under a letter of appointment and will be entitled to receive a fee of £35,000 per annum, other than the Chairman who will be entitled to receive an additional fee of £10,000 per annum and the chairman of the Audit and Risk Management Committee who will be entitled to receive an additional fee of £5,000 per annum. No amount has been set aside or accrued by the Company to provide pension, retirement or other similar benefits. The aggregate remuneration and benefits in kind of the Directors in respect of the Company's accounting period ending on 31 March 2018, which will be payable out of the assets of the Company, are not expected to exceed £200,000.
- 3.5 The Directors' appointments can be terminated in accordance with the Articles and without compensation. There is no notice period specified in the Articles for the removal of Directors. The Articles provide that the office of Director shall be terminated by, among other things: (i) written resignation; (ii) unauthorised absences from board meetings for 6 months or more; (iii) written request of the other Directors (where there are more than two Directors); and (iv) an ordinary resolution of the Shareholders. In addition, the Articles provide that each Director shall resign from office and stand for re-election by the Shareholders at each AGM save that, in line with corporate governance best practice, it is proposed that the Directors will put in place suitable arrangements for the Board to be refreshed in whole or in part over time.

- 3.6 None of the Directors has, or has had, an interest in any transaction which is or was unusual in its nature or conditions or significant to the business of any member of the Group and which has been effected by any member of the Group since the incorporation of the Company.
- 3.7 Pursuant to an instrument of indemnity entered into between the Company and each Director, the Company has undertaken, subject to certain limitations, to indemnify each Director out of the assets and profits of the Company against all costs, charges, losses, damages, expenses and liabilities arising out of any claims made against him in connection with the performance of his duties as a director of the Company.
- 3.8 In addition to their directorships of the Company, the Directors hold or have held the directorships, and are or were members of the partnerships, listed in the table below, within the past five years.

Name	Current directorships/partnerships	Past directorships/partnerships
Andrew Sutch	JP Morgan Claverhouse Investment Trust PLC Jupiter European Opportunities Trust PLC	Stephenson Harwood LLP Stephenson Harwood Services Limited SH Escrow Agents Limited
Simon Holden	Belasko Administration Limited HICL Infrastructure Company Limited JamesCo 750 Limited LSREF3 Hotels (London PR) Limited Project Aurora Limited Permira (Europe) Limited Permira Europe III GP Limited Permira IV GP Limited Permira IV Managers Limited Permira V GP Limited Permira VI GP Limited	Change Capital Investment Management (Guernsey) II Limited Change Capital Investment Management (Guernsey) III Limited Elli Investments Ltd
Rupert Perry CBE	EMI Music Sound Foundation	
Andrew Wilkinson	Acorn Group Limited Kingstreet Tours Limited Kingstreet Tours (K) Ltd. Kingstreet Tours (KM) Ltd. Kingstreet Tours (PC17) Ltd. Live at The Races Limited Motor Contracts Limited Music Plus Sport Ltd. Music Plus Sport Live Ltd. Oakes Bros. Limited Weldon & Waring Limited	Ace Investment Partners Ltd. B & W Events Limited Dursar Limited Silver Globe Tours Ltd. Kingstreet Tours (NT3) Ltd. Kingstreet Tours (S-EUR) Ltd. KT (KMROW) Ltd.

- 3.9 LSREF3 Hotels (London PR) Limited is the subject of an unconditional sale agreement, which is scheduled to complete on 30 June 2017. Mr Holden will resign from this company as part of the company's liquidation arrangements to be initiated after such sale. A company of which Mr Wilkinson is a director, Kingstreet Tours (KM) Ltd, appointed liquidators on 1 October 2015.
- 3.10 As at the date of this Prospectus, there are no potential conflicts of interest between any duties to the Company of any of the Directors and their private interests and/or other duties. There are no lock-up provisions regarding the disposal by any of the Directors of any Shares.
- 3.11 At the date of this Prospectus:
- 3.11.1 none of the Directors has had any convictions in relation to fraudulent offences for at least the previous five years;

- 3.11.2 save as disclosed above, none of the Directors was a director of a company, a member of an administrative, management or supervisory body or a senior manager of a company within the previous five years which has entered into any bankruptcy, receivership or liquidation proceedings;
- 3.11.3 none of the Directors has been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer for at least the previous five years; and
- 3.11.4 none of the Directors are aware of any contract or arrangement subsisting in which they are materially interested and which is significant to the business of the Company which is not otherwise disclosed in this Prospectus.
- 3.12 The Company intends to maintain directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.
- 3.13 Prior to Admission, the Company will neither pay any amount of remuneration (including any contingent or deferred compensation) nor grant any benefits in kind to any persons for any services provided to the Company.
- 3.14 No members of the Fund Administrator or the Investment Adviser have any service contracts with the Company.

4. MEMORANDUM AND ARTICLES

- 4.1 Under the Memorandum the objects of the Company are unrestricted. The Memorandum is available for inspection at the addresses specified in paragraph 1 of this Part VIII (*Additional Information*).
- 4.2 The following is a summary of certain provisions of the Articles of the Company:
- 4.3 *Definitions*

The following definitions apply for the purposes of this Part VIII (*Additional Information*) in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this Prospectus:

“**CFTC**” means the United States Commodity Futures Trading Commission;

“**Commodity Exchange Act**” means the United States Commodity Exchange Act or any substantially equivalent successor legislation;

“**CREST Rules**” means rules within the meaning of the relevant CREST Regulations and/or the Financial Services and Markets Act 2000 made by Euroclear as operator of a designated system under or pursuant to Directive 98/26/EC on settlement finality in payment and securities settlement systems;

“**CREST UK system**” means the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the Regulations;

“**Disclosure Notice**” has the meaning set out in sub-paragraph 4.7.1 below;

“**ERISA**” means the United States Employee Retirement Income Security Act of 1974, as amended, and applicable regulations thereunder;

“**equity securities**” means shares or a right to subscribe for or convert securities into shares;

“**Redemption Announcement**” means the announcements to be made by the Company to shareholders in advance of any compulsory redemption;

“**Redemption Date**” means the date on which a compulsory redemption becomes effective;

“**Redemption Price**” means the net asset value per share of each class of shares that will be redeemed on a particular Redemption Date (as at a Net Asset Value date selected by the Directors), less the costs associated with the relevant redemption and as adjusted as the Directors consider appropriate;

“**Redemption Record Date**” means the close of business on the relevant Redemption Date or as otherwise set out in the Redemption Announcement;

“**Relevant Percentage**” means the percentage of each class of Shares to be redeemed by the Company on a given Redemption Date;

“**Regulations**” means The Uncertificated Securities (Enabling Provisions) Guernsey Law, 2005, The Uncertificated Securities (Guernsey) Regulations 2009 (as amended), The Uncertificated Securities Regulations 2001 (SI 2001 No 3755), as amended by the Uncertificated Securities (Amendment) (Eligible Debt Securities) Regulations 2003 (SI 2003 No. 1633), and such other regulations as are applicable to Euroclear and/or the CREST relevant system and are from time to time in force; and

“**U.S. Tax Code**” means the United States Internal Revenue Code of 1986, as amended.

4.4 *Ordinary Shares*

4.4.1 Dividends

Holders of Shares are entitled to participate in any dividends and other distributions of the Company other than in relation to assets attributable to any class of C Share.

4.4.2 Winding-up

On a winding-up of the Company, the holders of Shares shall have the rights set out in the Articles, as summarised in paragraph 4.20 below.

4.4.3 Voting

Subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company.

Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall, upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall, have one vote in respect of each Share that they hold.

4.5 *C Shares*

The Directors may, if they consider it appropriate, issue further shares as “C Shares”. C Shares constitute a temporary and separate class of Shares which are issued at a fixed price determined by the Company. The rights attaching to the C Shares are set out in paragraph 4.23 of this Part VIII (*Additional Information*).

4.6 *Share Capital*

4.6.1 The Company may issue an unlimited number of Shares of a par value and/or no par value or a combination of both. Shares may be denominated in any currency and different classes of shares may be denominated in different currencies (or no currency in the case of shares of no par value).

4.6.2 Subject to the provisions of the Companies Law and without prejudice to any rights attached to any existing Shares or class of Shares or to the provisions of the Articles, any Share may be issued with such preferred, deferred, conversion or other rights or restrictions as the Company may by ordinary resolution direct, subject to or in default of any such direction, as the Directors may determine.

4.6.3 The Company may issue fractions of Shares and any such fractional Shares shall rank *pari passu* in all respects with the other Shares of the same class issued by the Company.

4.6.4 The Company may from time to time hold its own Shares as treasury shares.

4.6.5 The Company may acquire its own Shares. Any such Shares acquired by the Company may be cancelled or may be held as treasury shares, subject to and in accordance with the Companies Law.

4.6.6 Subject to the provisions of the Companies Law, the Company may give financial assistance, as defined in the Companies Law, directly or indirectly for the purposes of or in connection with the acquisition of its Shares.

4.6.7 The Company may issue Shares which are, or at the option of the Company or the holder are, liable to be redeemed and convert all or any class of its Shares into redeemable shares.

- 4.6.8 The Company may issue Shares which do not entitle the holder to voting rights in any general meeting or entitle the holder to restricted voting rights in any general meeting.
- 4.6.9 Whenever the capital of the Company is divided into different classes of Shares the rights attached to any class may (subject to the terms of issue of the Shares of that class) be varied or abrogated, either whilst the Company is a going concern or during or in contemplation of a winding-up:
- (A) with the consent in writing of the holders of at least 75 per cent. of the issued Shares of that class; or
 - (B) with the sanction of a special resolution passed at a separate meeting of the holders of the Shares of that class.
- 4.6.10 All the provisions of the Articles relating to general meetings of the Company or to the proceedings thereat shall, *mutatis mutandis*, apply to every such separate meeting except that, in accordance with the Companies Law:
- (A) the necessary quorum shall be two persons present in person or represented by proxy (but so that if at any adjourned meeting of such holders a quorum is not present, one person present holding shares of the relevant class shall be a quorum) provided always that where the class has only one member, that member shall constitute the necessary quorum; and
 - (B) any holder of shares of the class in question may demand a poll.
- 4.6.11 The special rights conferred upon the holders of any Shares or class of Shares issued with preferred, deferred or other rights shall (unless otherwise expressly provided by the terms of issue of such shares) be deemed not to be varied by the creation or issue of further shares ranking *pari passu* therewith and, for the avoidance of doubt, the issue of C Shares shall not be treated as varying the rights attaching to Shares and the issue of Shares shall not be treated as varying the rights attaching to C Shares or by the exercise of any power under the disclosure provisions requiring holders of shares to disclose an interest in the Company's shares pursuant to the Articles.
- 4.6.12 Subject to the provisions of the Companies Law, the Articles, and any resolution of the Company, the Directors have general and unconditional authority:
- (A) to allot, issue (with or without conferring rights of renunciation), grant options over, offer or otherwise deal with or dispose of unissued Shares of the Company of an unlimited number or an unlimited aggregate value or rights to subscribe or convert any security into Shares; or
 - (B) to sell, transfer or cancel any treasury shares held by the Company,
 - (C) in any such case to such persons, at such times and on such terms and conditions as the Directors may decide. The Directors may designate the unissued Shares upon issue as Shares, C Shares or such other class or classes of Shares (and denominated in any currency or currencies as the Directors may determine) or as Shares with special or other rights as the Directors may then determine.
- 4.6.13 The Company may exercise the powers of paying commissions and in such an amount or at such a percentage rate as the Directors may determine. Subject to the provisions of the Companies Law any such commission may be satisfied by the payment of cash or by the allotment of fully or partly paid shares or partly in one way and partly in the other. The Company may also on any issue of Shares pay such brokerage as may be lawful.
- 4.6.14 Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust and (except as otherwise provided by the Articles or by law) the Company shall not be bound by or recognise (even when having notice thereof) any interest in any share except an absolute right to the entirety thereof in the holder.

4.7 *Disclosure Notice*

- 4.7.1 The Company may, by notice in writing (a “**Disclosure Notice**”) require a person whom the Company knows to be or has reasonable cause to believe is or, at any time during the 3 years immediately preceding the date on which the Disclosure Notice is issued, to have been interested in any Shares:
- (A) to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
 - (B) to give such further information as may be required in accordance with the Articles, as summarised in sub-paragraph 4.7.2 below.
- 4.7.2 A Disclosure Notice may (without limitation) require the person to whom it is addressed:
- (A) to give particulars of the person’s status (including whether such person is a Non-Qualified Holder), domicile, nationality and residency;
 - (B) to give particulars of his own past or present interest in any Shares (held by him at any time during the 3 year period specified in the Articles, as summarised in sub-paragraph 4.7.1 above) and the nature of such interest;
 - (C) to disclose the identity of any other person who has a present interest in the Shares held by him (or held by him at any time during the 3 year period specified in the Articles);
 - (D) where the interest is a present interest and any other interest in any Shares subsisted during that 3 year period at any time when his own interest subsisted, to give (so far as is within his knowledge) such particulars with respect to that other interest as may be required by the Disclosure Notice; and
 - (E) where his interest is a past interest to give (so far as is within his knowledge) such particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.
- 4.7.3 Any Disclosure Notice shall require any information in response to such notice to be given within the prescribed period (which is 28 days after service of the notice or 14 days if the Shares concerned represent 0.25 per cent. or more in number of the issued Shares of the relevant class) or such other reasonable period as the Directors may determine.
- 4.7.4 If any member is in default in supplying to the Company the information required by the Company within the prescribed period or such other reasonable period as the Directors determine, the Directors in their absolute discretion may serve a direction notice on the member (a “**Direction Notice**”). The Direction Notice may direct that in respect of the Shares in respect of which the default has occurred (the “**Default Shares**”) the member shall not be entitled to vote in general meetings or class meetings. Where the Default Shares represent at least 0.25 per cent. in number of the class of Shares concerned, the Direction Notice may additionally direct that dividends on such Shares will be retained by the Company (without interest) and that no transfer of the Default Shares (other than a transfer authorised under the Articles) shall be registered until the default is rectified. Subject always to the rules of the CREST UK system, any other relevant system through which transfers of shares are settled, the requirements of the UK Listing Authority and the London Stock Exchange, where the Directors have any grounds to believe that such Default Shares, are held by or for the benefit of or by persons acting on behalf of a Non-Qualified Holder, the Directors may at their discretion deem the Default Shares to be held by, or on behalf of or for the benefit of, a Non-Qualified Holder (as the Directors may determine) and that the provisions of the Articles, as summarised in sub-paragraph 4.10.8 below, should apply to such Default Shares.

4.8 *Pre-emption rights*

4.8.1 Save to the extent that a special resolution disapplying the following pre-emption rights has been passed by Shareholders, the Company shall not allot equity securities, nor sell them from treasury, for cash on any terms to a person unless:

- (A) it has made an offer to each person who holds equity securities of the same class in the Company to allot to him on the same or more favourable terms a proportion of those equity securities that is as nearly as practicable equal to the proportion in number held by him of the share capital of the Company of that class; and
- (B) the period during which any such offer may be accepted has expired or the Company has received notice of the acceptance or refusal of every offer so made,

provided that the Directors may impose such exclusions and/or make such other arrangements as they deem necessary or expedient in relation to fractional entitlements or having regard to any legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange in any territory or otherwise.

4.8.2 Securities that the Company has offered to allot to a holder of equity securities in accordance with sub-paragraph 4.8.1 above may be issued to him, or anyone in whose favour he has renounced his right to their allotment, without contravening the restriction referred to in sub-paragraph 4.8.1.

4.8.3 Shares held by the Company as treasury shares shall be disregarded for the purposes of the restriction referred to in sub-paragraph 4.8.1, so that the Company is not treated as a person who holds Shares; and equity securities held as treasury shares are not treated as forming part of the share capital of the Company.

4.8.4 Any offer required to be made by the Company pursuant to the restriction referred to in sub-paragraph 4.8.1 should be made by a notice in writing and must state a period of not less than 14 days during which it may be accepted and such offer shall not be withdrawn before the end of that period.

4.8.5 The restriction referred to in sub-paragraph 4.8.1 shall not apply in relation to the issue of:

- (A) bonus shares, shares issued in lieu of dividend or distribution, nor to a particular issue of equity securities if they are, or are to be wholly or partly paid otherwise than in cash; or
- (B) equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of shares at such record date as the Directors may determine where the securities attributable to the interests of holders of shares are proportionate (as near as may be practicable) to the respective number of shares of that class held by them on such record date, subject to such conditions or other arrangements as the Directors may deem necessary or expedient.

4.8.6 Notwithstanding sub-paragraph 4.8.1, the Company may by special resolution resolve that the restriction referred to in sub-paragraph 4.8.1:

- (A) shall not apply to an issue of Shares or C Shares or sale of Shares or C Shares from treasury;
- (B) shall only apply to the issue of Shares or C Shares, or sale of Shares or C Shares from treasury with such modifications as the Directors may determine; and
- (C) the authority granted by the special resolution may be granted for such period of time as the special resolution permits and such authority may be revoked, repealed or varied by a further special resolution,

provided that such special resolution must:

- (D) state the maximum number of equity securities in respect of which the restriction is removed; and

- (E) specify the date on which such removal of the restriction will expire, which must be not more than five years from the date on which the resolution is passed.
- 4.8.7 Any such special resolution passed may:
- (A) be renewed or further renewed by a further special resolution for a further period not exceeding five years; and
 - (B) be revoked or varied at any time by a further special resolution
- 4.8.8 Notwithstanding that any such special resolution may have expired, the Directors may issue or sell from treasury equity securities in pursuance of an offer or agreement previously made by the Company if the resolution enabled the Company to make an offer or agreement that would or might require equity securities to be issued or sold from treasury after it expired.

The pre-emption rights described above have been disapplied in relation to the issue of Shares in connection with the Issue and subsequent issues of Shares and C Shares by the passing of the special resolution referred to in paragraph 2.5 of this Part VIII (*Additional Information*).

4.9 *Untraced Shareholders*

The Company may sell the share of a member or of a person entitled by transmission at the best price reasonably obtainable at the time of sale if, in accordance with the terms of the Articles, that person has not claimed or accepted dividends declared over a period of time and has not responded to advertisements of the Company.

4.10 *Transfer of Shares*

- 4.10.1 Subject to the terms of the Articles, any member may transfer all or any of his certificated Shares by an instrument of transfer in any usual form or in any other form which the Directors may approve. An instrument of transfer of a certificated share shall be executed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. The Directors may, without assigning any reasons therefor, refuse to register the transfer of a certificated Share (whether fully paid or not) unless the instrument of transfer is lodged at the office or at such other place as the Directors may appoint and is accompanied by any certificates for the Shares to which it relates and such other evidence as the Directors may require to show the right of the transferor to make the transfer.
- 4.10.2 Subject to the terms of the Articles, any member may transfer all or any of his uncertificated Shares by means of a relevant system authorised by the Directors in such manner provided for, and subject as provided, in the Regulations or such as may otherwise from time to time be adopted by the Directors on behalf of the Company and the rules of any relevant system and accordingly no provision of the Articles shall apply in respect of an uncertificated share to the extent that it requires or contemplates the effecting of a transfer by an instrument in writing or the production of a certificate for the Shares to be transferred.
- 4.10.3 The Directors may, in their absolute discretion and without giving a reason, refuse to transfer, convert or register any transfer of any Share in certificated form or uncertificated form (subject to the paragraph below) which is not fully paid or on which the Company has a lien, provided in the case of a listed or quoted Share that this would not prevent dealings in the Share from taking place on an open and proper basis on the London Stock Exchange. In addition, the Directors may refuse to register a transfer of Shares if:
- (A) it is in respect of more than one class of Shares;
 - (B) it is in favour of more than four joint transferees;
 - (C) in relation to a Share in certificated form, having been delivered for registration to the office or such other place as the Directors may decide, it is not accompanied by the certificate for the Shares to which it relates and such other evidence as the Directors may reasonably require to prove title of the transferor and the due execution by him of the transfer or, if the transfer is executed by some other person on his behalf, the authority of that person to do so; or
 - (D) the transfer is in favour of any Non-Qualified Holder.

- 4.10.4 The Directors may only decline to register a transfer of an uncertificated Share in the circumstances set out in the Regulations or such as may otherwise from time to time be adopted by the Directors on behalf of the Company or the rules of any relevant system, where, in the case of a transfer to joint holders, the number of joint holders to whom the uncertificated Share is to be transferred exceeds four.
- 4.10.5 The Directors shall have power to implement such arrangements as they may, in their absolute discretion, think fit in order for any class of Shares to be admitted to settlement by means of the CREST UK system.
- 4.10.6 Subject to the CREST Guernsey Requirements and/or the rules of any other relevant system, the registration of transfers may be suspended by giving such notices as may be required by the rules of any relevant system at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.
- 4.10.7 No fee shall be charged for the registration of any instrument of transfer or, subject as otherwise provided in the Articles, any other document relating to or affecting the title to any share.
- 4.10.8 If it shall come to the notice of the Directors that any Shares are owned directly or indirectly by a Non-Qualified Holder or a transfer of Shares is in favour of any Non-Qualified Holder, the Directors may (i) refuse to register a transfer of such Shares and/or (ii) serve a notice (a "**Transfer Notice**") upon the person (or any one of such persons where Shares are registered in joint names) appearing in the register as the holder (the "**Vendor**") of any of the Shares concerned (the "**Relevant Shares**") requiring the Vendor within twenty-one days (or such extended time as in all the circumstances the Directors consider reasonable) to transfer (and/or procure the disposal of interests in) the Relevant Shares to another person who, in the sole and conclusive determination of the Directors, is not a Non-Qualified Holder (such a person being hereinafter called an "**Eligible Transferee**"). On and after the date of such Transfer Notice, and until registration of a transfer of the Relevant Share to which it relates pursuant to the provisions referred to in this sub-paragraph or sub-paragraph 4.10.9 below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.
- 4.10.9 If within twenty-one days after the giving of a Transfer Notice (or such extended time as in all the circumstances the Directors consider reasonable) the Transfer Notice has not been complied with to the satisfaction of the Directors, the Company may sell the Relevant Shares on behalf of the holder of them by instructing a member of the London Stock Exchange to sell them on arm's length terms to any Eligible Transferee or Eligible Transferees. For this purpose the Directors may authorise in writing any officer or employee of the Company or any officer or employee of the secretary of the Company or of any manager that may be appointed to transfer the Relevant Shares on behalf of the holder of them to the purchaser or purchasers and an instrument of transfer executed by that person will be as effective as if it had been executed by the holder of, or the person entitled by transmission to, the Relevant Shares. The purchaser will not be bound to see the application of the purchase monies nor will its title to the Relevant Shares be affected by an irregularity or invalidity in the proceedings relating to the sale or by the price at which the Relevant Shares are sold. The net proceeds of the sale of the Relevant Shares will be received by the Company, whose receipt will be a good discharge for the purchase moneys, and will belong to the Company and, upon their receipt, the Company will become indebted to the former holder of, or person entitled by transmission to, the Relevant Shares for an amount equal to the net proceeds of transfer upon surrender by it or them, in the case of certificated Shares, of the certificate for the Relevant Shares which the Vendor shall immediately be obliged to deliver to the Company. No trust will be created in respect of the debt and no interest will be payable in respect of it. The Company will pay to the Vendor at its discretion or on demand by the Vendor the proceeds of transferring the Relevant Shares (less costs and expenses) but otherwise the Company will not be required to account for any money secured from the net proceeds of transfer which may be employed in the business of the Company or as it thinks fit. The Company may register the transferee as holder or holders of the Relevant Shares at which time the transferee will become absolutely entitled to them.

4.10.10 A person who becomes aware that it is a Non-Qualified Holder shall forthwith, unless it has already received a Transfer Notice pursuant to the provisions of the Articles summarised in sub-paragraph 4.10.8 above, either transfer the Shares to one or more Eligible Transferees or give a request in writing to the Directors for the issue of a Transfer Notice in accordance with the provisions of the Articles summarised in sub-paragraph 4.10.8 above. Every such request shall, in the case of certificated Shares, be accompanied by the certificate(s) for the Shares to which it relates.

4.10.11 Subject to the provisions of the Articles, the Directors will, unless any Director has reason to believe otherwise, be entitled to assume without enquiry that none of the Shares are held by a Non-Qualified Holder. The Directors may, however, at any time and from time to time call upon any holder (or any one of joint holders) of Shares by notice in writing to provide such information and evidence as they require upon any matter connected with or in relation to such holder of Shares. In the event of such information and evidence not being so provided within such reasonable period (not being less than twenty-one days after service of the notice requiring the same) as may be specified by the Directors in the said notice, the Directors may, in their absolute discretion, treat any share held by such a holder or joint holders as being held by a Non-Qualified Holder.

4.10.12 The Directors will not be required to give any reasons for any decision, determination or declaration taken or made in accordance with these provisions. The exercise of the powers conferred by the provisions of the Articles summarised in sub-paragraphs 4.10.8 and/or 4.10.9 and/or 4.10.10 and/or 4.10.11 above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct or beneficial ownership or holding of Shares by any person or that the true direct or beneficial owner or holder of any Shares was otherwise than as appeared to the Directors at the relevant date provided that the said powers have been exercised in good faith.

4.10.13 Uncertificated Shares of a class are not to be regarded as forming a separate class from certificated Shares of that class.

4.11 *Alteration of Capital*

The Company may by ordinary resolution alter its share capital, including, *inter alia*, consolidating share capital, sub-dividing shares, cancelling untaken shares, converting shares into shares of a different currency and denominating or redenominating the currency of share capital.

4.12 *Notice of General Meetings*

Any general meeting shall be called by at least ten days' notice. A general meeting may be deemed to have been duly called by shorter notice if it is so agreed by all the members entitled to attend and vote thereat. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at the meeting.

4.13 *Votes of Members*

4.13.1 Subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any Shares, holders of Shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company.

4.13.2 Each Shareholder being present in person or by proxy or by a duly authorised representative (if a corporation) at a meeting shall, upon a show of hands have one vote and upon a poll each such holder present in person or by proxy or by a duly authorised representative (if a corporation) shall, have one vote in respect of each Share that they hold.

4.14 *Powers of Directors*

Subject as hereinafter provided, the Directors may exercise all the powers of the Company to borrow or raise money (including the power to borrow for the purpose of redeeming Shares) and secure any debt or obligation of or binding on the Company in any manner including by the issue of debentures (perpetual or otherwise) and to secure the repayment of any money borrowed raised or owing by mortgage, charge, pledge or lien upon the whole or any part of

the Company's undertaking property or assets (whether present or future) and also by a similar mortgage charge pledge or lien to secure and guarantee the performance of any obligation or liability undertaken by the Company or any third party.

4.15 *Appointment and Retirement of Directors*

4.15.1 Subject to the Companies Law and the Articles, the Directors shall have power at any time, and from time to time, without sanction of the Company in general meeting, to appoint any person to be a Director, either to fill a casual vacancy or as an additional Director. Any Director so appointed shall hold office only until the next following annual general meeting and shall then be eligible for re-appointment. Subject to the Companies Law and the Articles, the Company may by ordinary resolution appoint any person as a Director; and remove any person from office as a Director.

4.15.2 A Director may resign from office as a Director by giving notice in writing to that effect to the Company at its office, which notice shall be effective upon such date as may be specified in the notice, failing which upon delivery to the registered office.

4.15.3 There is no age limit at which a Director is required to retire.

4.15.4 At each annual general meeting of the Company, each Director shall retire from office and each Director may offer himself for election or re-election by the Shareholders.

4.16 *Disqualification and Removal of Directors*

4.16.1 A Director shall not be required to hold any qualification Shares.

4.16.2 The office of a Director shall be vacated if he ceases to be a Director by virtue of any provision of the Companies Law or he ceases to be eligible to be a Director in accordance with the Companies Law; or he has his affairs declared en désastre, becomes bankrupt or makes any arrangement or composition with his creditors generally or otherwise has any judgment executed on any of his assets; or he becomes of unsound mind or incapable or an order is made by a court having jurisdiction (whether in Guernsey or elsewhere) in matters concerning mental disorder for his detention or for the appointment of a receiver, curator or other person to exercise powers with respect to his property or affairs; or he shall have absented himself from meetings of the Directors for a consecutive period of 6 months and the Directors resolve that his office shall be vacated; or he dies; or he resigns his office by notice to the Company; or the Company so resolves by ordinary resolution; or where there are more than two Directors, all the other Directors request him to resign in writing; or he becomes resident for tax purposes in the United Kingdom and, as a result, a majority of the Directors are resident for tax purposes in the United Kingdom.

4.17 *Remuneration of Directors*

Unless otherwise determined by the Company by ordinary resolution, the Directors shall be remunerated for their services at such rate as the Directors shall determine provided that the aggregate amount of such fees shall not exceed the annual equivalent of £250,000 per annum (or such sum as the Company in general meeting shall from time to time determine).

4.18 *Directors' Appointments and Interests*

4.18.1 Subject to the provisions of the Companies Law, the Directors may appoint one or more of their number to the office of managing Director or to any other executive office upon such terms as they determine.

4.18.2 Subject to and in accordance with the Companies Law, a Director must, immediately after becoming aware of the fact that he is interested in a transaction or proposed transaction with the Company, disclose that fact to the Directors.

4.18.3 For the purposes of the article summarised in sub-paragraph 4.18.2 above, a general disclosure given to the Directors to the effect that a Director has an interest (as director, officer, employee, member or otherwise) in a party and is to be regarded as interested in any transaction which may after the date of the disclosure be entered into with that party shall be deemed to be sufficient disclosure of his interest in any such transaction or arrangement.

4.18.4 The requirement summarised in sub-paragraph 4.18.2 above does not apply if the transaction proposed is between a Director and the Company, or if the Company is entering into the transaction in the ordinary course of business on usual terms.

- 4.18.5 A Director may not vote or be counted in the quorum on a resolution of the board or committee of the board concerning a contract, arrangement, transaction or proposal to which the Company is or is to be a party and in which he has an interest which (together with any interest of any person connected with him) is, to his knowledge, a material interest (otherwise than by virtue of his interest in Shares or debentures or other securities of or otherwise in or through the Company) but, in the absence of some other material interest than is mentioned below, this prohibition does not apply to a resolution concerning any of the following matters:
- (A) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;
 - (B) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part, either alone or jointly with others, under a guarantee or indemnity by the giving of security;
 - (C) a contract, arrangement, transaction or proposal concerning an offer of Shares, debentures or other securities of the Company or any of its subsidiaries for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
 - (D) a contract, arrangement, transaction or proposal to which the Company is or is to be a party concerning another company (including any subsidiary of the Company) in which he (and any persons connected with him) is interested and whether as an officer, shareholder, creditor or otherwise, if he (and any persons connected with him) does not to his knowledge hold an interest in Shares representing one per cent. or more of any class of the equity share capital of or the voting rights in the relevant company (or of any other company through which his interest is derived);
 - (E) a contract, arrangement, transaction or proposal for the benefit of employees of the Company or any of its subsidiaries which only awards him a privilege or benefit generally accorded to the employees to whom it relates; and
 - (F) a contract, arrangement, transaction or proposal concerning the purchase or maintenance of any insurance policy for the benefit of Directors or for the benefit of persons including Directors.
- 4.18.6 For the purposes of this article a person shall be treated as being connected with a Director if that person is:
- (A) a spouse, child (under the age of eighteen) or step child (under the age of eighteen) of the Director; or
 - (B) an associated body corporate which is a company in which the Director alone, or with connected persons, is directly or indirectly beneficially interested in 20 per cent. or more of the value of the equity share capital or is entitled (alone or with connected persons) to exercise or control the exercise of more than 20 per cent. of the voting power at general meetings; or
 - (C) a trustee (acting in that capacity) of any trust, the beneficiaries of which include the Director or persons falling within paragraphs (A) and (B) above excluding trustees of an employees' share scheme or pension scheme; or
 - (D) a partner (acting in that capacity) of the Director or persons in paragraphs (A) to (C) above.
- 4.18.7 A Director, notwithstanding his interest, may be counted in the quorum present at any meeting at which he or any other Director is appointed to hold any such office or place of profit under the Company, or at which the terms of any such appointment are arranged or at which any contract between the Director and the Company are considered, and he may vote on any such appointment or arrangement other than his own appointment or the arrangement of the terms thereof. Where proposals are under consideration concerning the appointment (including without limitation fixing or varying

the terms of appointment or its termination) of two or more Directors to offices or places of profit with the Company or a company in which the Company is interested, such proposals shall be divided and a separate resolution considered in relation to each Director. In such case each of the Directors concerned (if not otherwise debarred from voting under these provisions) is entitled to vote (and be counted in the quorum) in respect of each resolution except that concerning his own appointment.

- 4.18.8 A Director may hold any other office or place of profit under the Company (other than the auditor) in conjunction with his office of Director for such period and on such terms (as to remuneration and otherwise) as the Board may determine and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of any such office or place of profit or as vendor, purchaser or otherwise nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director so contracting or being so interested be liable to account to the Company for any profits realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relationship thereby established.
- 4.18.9 Any Director may act by himself or his firm in a professional capacity for the Company (other than auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
- 4.18.10 Any Director may continue to be or become a director, managing director, manager or other officer or member of any company promoted by the Company or in which the Company may be interested, and any such Director shall not be accountable to the Company for any remuneration or other benefits received by him as director, managing director, manager or other officer or member of any such company. The Directors may exercise the voting power conferred by the shares in any other company held or owned by the Company or exercisable by them as director of such other company, in such manner in all respects as they think fit (including the exercise thereof in favour of any resolution appointing themselves or any of them director, managing director, managers or other officers of such company, or voting or providing for the payment of remuneration to themselves as director, managing director, managers or other officers of such company) and any Director of the Company may vote in favour of the exercise of such voting rights in the manner aforesaid, notwithstanding that he may be or be about to be appointed a director, managing director, manager or other officer of such company, and as such is or may become interested in the exercise of such voting rights in manner aforesaid.
- 4.18.11 If a question arises at a meeting as to the materiality of a Director's interest (other than the interest of the chairman of the meeting) or as to the entitlement of a Director (other than the chairman) to vote or to be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be referred to the chairman and his ruling in relation to the Director concerned is conclusive and binding on all concerned.
- 4.18.12 If a question arises at a meeting as to the materiality of the interest of the chairman of the meeting or as to the entitlement of the chairman to vote or be counted in a quorum and the question is not resolved by his voluntarily agreeing to abstain from voting or being counted in the quorum, the question shall be decided by resolution of the Directors or committee members present at the meeting (excluding the chairman) whose majority vote is conclusive and binding on all concerned.

4.19 *Dividends and Distributions*

- 4.19.1 Subject to the provisions of the Companies Law and the Articles, the Company may by ordinary resolution declare dividends and/or make distributions in accordance with the respective rights of the members and to any special rights to dividends or other relevant rights or remedies set out in the terms of issue of any class of shares.
- 4.19.2 No dividend or other distribution shall exceed the amount recommended by the Directors.

- 4.19.3 Subject to the provisions of the Companies Law, and the Articles, the Directors may from time to time pay interim dividends and/or distributions if it appears to them that they are justified by the assets of the Company.
- 4.19.4 Except as otherwise provided by the rights attached to Shares, all dividends or other distributions shall be declared and paid *pro rata* according to the respective numbers of Shares held by Shareholders of the relevant class on which the dividend or other distribution is paid. If any share is issued on terms providing that it shall rank for dividend or other distribution as from a particular date, that share shall rank for dividend or other distribution accordingly. Any resolution declaring a dividend or a distribution on a share, whether a resolution of the Company in general meeting or a resolution of the Directors, may specify that the same shall be payable to the person registered as the holders of the Shares at the close of business on a particular date notwithstanding that it may be a date prior to that on which the resolution is passed and thereupon the dividend or distribution shall be payable to such persons in accordance with their respective holdings so registered, but without prejudice to the rights *inter se* in respect of such dividend or distribution of transferors and transferees of any such Shares.
- 4.19.5 A general meeting declaring a dividend or other distribution may, upon the recommendation of the Directors, direct that it shall be satisfied wholly or partly by the distribution of assets and, where any difficulty arises in regard to the distribution, the Directors may settle the same and in particular may issue fractional certificates and fix the value for distribution of any assets and may determine that cash shall be paid to any member upon the footing of the value so fixed in order to adjust the rights of members and may vest any assets in trustees.
- 4.19.6 The Directors may deduct from any dividend or other distribution, or other moneys payable to any member on or in respect of a share, all sums of money (if any) presently payable by him to the Company on account of calls or otherwise in relation to the Shares of the Company.
- 4.19.7 All unclaimed dividends or other distributions may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed and the Company shall not be constituted a trustee thereof. Any dividend or other distribution which has remained unclaimed for twelve years from the date when it became due for payment shall, if the Directors so resolve, be forfeited and cease to remain owing by the Company. No dividend or other distribution or other moneys payable in respect of a share shall bear interest against the Company unless otherwise provided by the rights attached to the share.
- 4.19.8 The Directors are empowered to create reserves before recommending or declaring any dividend. The Directors may also carry forward any profits which they think prudent not to divide.

4.20 *Winding-Up*

- 4.20.1 Upon a winding-up of the Company the assets available for distribution to members shall, subject to the rights attaching to any class of Shares and the provisions of the Articles, be distributed according to the number of Shares held by that member.

4.21 *Certain U.S. and U.S. related Tax Matters*

The Company is authorised to take any action it determines is desirable to comply with certain U.S. tax provisions colloquially referred to as the Foreign Account Tax Compliance Act and any other law of any other jurisdiction relating thereto including laws promulgated pursuant to an intergovernmental agreement relating thereto (together, "**FATCA**"), and may enter into an agreement with the U.S. Internal Revenue Service or the taxing and revenue services of any other country. The Company shall not pay any additional amounts to any person in respect of any withholding of taxes, including those relating to FATCA.

The Company is not required to make available the information necessary for any person to make a so-called "qualified electing fund" election under U.S. tax law.

4.22 Compulsory Redemption Mechanism

- 4.22.1 To the extent that substantially all of the Net Issue Proceeds have not been deployed within two years of Admission (as determined by the Directors), the Directors may compulsorily redeem Ordinary Shares, with the number of such shares to be redeemed to be determined, amongst other things, by reference to the amount of the Net Issue Proceeds which have not yet been deployed in accordance with the Company's investment objective and policy.
- 4.22.2 Where the Directors exercise their discretion to redeem compulsorily a given percentage of the shares of any class in issue, the Company will make a redemption announcement in advance of the relevant redemption date. The redemption announcement will include the following detail:
- (A) the aggregate amount to be distributed to shareholders of the relevant class;
 - (B) the relevant percentage of each class of shares to be redeemed (*pro rata* as between the holders of shares of the relevant class as at the redemption record date);
 - (C) a timetable for the redemption and distribution of redemption proceeds, including the redemption date and the redemption record date;
 - (D) the redemption price per share in respect of each class of shares;
 - (E) a new ISIN in respect of each class of shares which will continue to be listed following the relevant redemption date; and
 - (F) any additional information that the Board deems necessary in connection with the redemption.
- 4.22.3 Redemptions of shares will become effective on each redemption date, being a date chosen at the Directors' absolute discretion, as determined by the Directors to be in the best interest of shareholders as a whole. In determining the timing of any redemption date, the Directors will take into account the amount of cash available for payment of redemption proceeds and the costs associated with the redemption.
- 4.22.4 The shares redeemed will be the relevant percentage of the shares of the relevant class registered in the names of shareholders on the redemption record date.
- 4.22.5 Shareholders will receive the redemption price per share of the relevant class in respect of each of their shares redeemed compulsorily.
- 4.22.6 The Directors shall be under no obligation to redeem shares pursuant to the above compulsory redemption mechanism.

The Directors may determine not to compulsorily redeem shares and instead make an offer to shareholders to redeem their shares. In such circumstances, a redemption offer will be made to shareholders in accordance with the above mechanism with such amendments as may be necessary to recognise that the redemption will not be made compulsorily.

4.23 Terms of C Shares

4.23.1 Definitions

The following definitions apply for the purposes of this paragraph 4.23:

“**Calculation Time**” means 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 (or such other percentage as the Directors and the Investment Adviser shall determine as part of the terms of issue of any tranche of C Shares or otherwise) attributable to a relevant class of C Shares shall have been invested in accordance with the Company's Investment 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; or
- (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 Shares; and

- (iv) the close of business on the business day following twelve months after the admission of the C Shares to the Official List of the UKLA and to trading on the Premium Segment of the relevant tranche or such other time or date as may be determined by the Directors at the time at which the C Shares are issued;

“**Conversion**” means, in relation to any class of C Shares, the conversion of that class of C Shares into New Shares of the relevant class in accordance with the Articles;

“**Conversion Ratio**” for the C Shares of the relevant class, is A divided by B calculated to four decimal places (with 0.00005 being rounded upwards) where:

$$A = \frac{C - D}{E}$$

and

$$B = \frac{F - G}{H}$$

where:

“**C**” is the aggregate of;

- (i) the value of the investments of the Company attributable to the C Shares of the relevant class (as determined by the Directors), calculated in the case of Songs by reference to an independent valuer’s determination of the current value for such Songs at the Calculation Time which is to be calculated in accordance with the Company’s latest published valuation methodology, among other things, as regards the fair market value of the Songs and otherwise in the same manner as the NAV was calculated as at the previous NAV Calculation Date; and
- (ii) the amount which, in accordance with the Company’s latest published valuation methodology, fairly reflects, at the Calculation Time, the value of the other assets of the Company attributable to the C Shares);

“**D**” is the amount which (to the extent not otherwise deducted in the calculation of C) in accordance with the Company’s latest published valuation methodology fairly reflects the amount of the liabilities attributable to the C Shares of the relevant class at the Calculation Time (including, for the avoidance of doubt, the full amount of all dividends declared but not paid);

“**E**” is the number of shares of the relevant class of C Shares in issue at the Calculation Time (excluding any C Shares held in treasury);

“**F**” is the aggregate of:

- (i) the value of all the investments attributable to the Ordinary Shares (as determined by the Directors and calculated in the case of Songs by reference to an independent valuer’s determination of the appropriate current value for such Songs at the Calculation Time, which is to be calculated in accordance with the Company’s latest published valuation methodology, among other things, as regards the fair market value of the Songs and otherwise in the same manner as the NAV was calculated as at the previous NAV Calculation Date; and
- (ii) the amount which, in accordance with the Company’s latest published valuation methodology, fairly reflects, at the Calculation Time, the value of all other assets of the Company attributable to the Ordinary Shares;

“**G**” is the amount which (to the extent not otherwise deducted in the calculation of F) in accordance with the Company’s latest published valuation methodology fairly reflects the amount of the liabilities and expenses attributable to the Ordinary Shares at the Calculation Time (including, for the avoidance of doubt, the full amount of all dividends declared but not paid); and

“**H**” is the number of Ordinary Shares in issue at the Calculation Time (excluding any Ordinary Shares held in treasury);

Provided always that:

- (i) the independent valuer shall be entitled to make such adjustments to the value or amount of A and/or B (including any of their constituent amounts) as it believes to be appropriate having regard to, among other things, the assets of the Company immediately prior to the proposed issue date for the New Shares or the Calculation Time or to the reasons for the issue of the C Shares of the relevant class;
- (ii) in relation to any class of C Shares, the independent valuer may, in accordance with the terms of issue of such tranche, amend the definition of Conversion Ratio in relation to that class; and
- (iii) where valuations are to be made as at the Calculation Time and the Calculation Time is not a Business Day, the independent valuer shall apply the provisions of this definition as if the Calculation Time were the preceding Business Day;

“Conversion Time” means, in relation to any class of C Shares, a time following the Calculation Time being:

- (i) the opening of business on such Business Day as may be selected by the Directors provided that such day shall not be more than one month after the Calculation Time; and
- (ii) such earlier date as the Directors may resolve should Force Majeure Circumstances have arisen or the Directors resolve that such circumstances have arisen or are in contemplation;

“Force Majeure Circumstances” means in relation to any class of C Shares as a class: (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant class with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms upon which they are, proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest;

“NAV” means 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;

“NAV Calculation Date” means 31 March and 30 September in each year or such other date as the Directors may, in their discretion, determine; and

“New Shares” means the ordinary shares of the relevant class arising on conversion of any class of C Shares.

4.23.2 **Issue and Conversion of C Shares**

Subject to the Articles and the Companies Law, the Directors shall be authorised to issue C Shares of any class in tranches on such terms as they determine provided that such terms are consistent with the provisions of the Articles. The Directors shall, on the issue of each class or tranche of C Shares, determine the latest Calculation Time and Conversion Time together with any amendments to the definition of Conversion Ratio attributable to each such class or tranche. Following the Calculation Time in respect of each class or tranche of C Shares, the Directors shall select the Conversion Time and effect Conversion in accordance with the Articles in order that the holders of C Shares become the holders of New Shares in accordance with the Conversion Ratio.

Each tranche of C Shares, if in issue at the same time, shall be deemed to be a separate class of shares. The Board may, if it so decides, designate each tranche of C Shares in such manner as it sees fit in order that each tranche of C Shares and the assets and liabilities of such tranche can be identified.

4.23.3 Dividends

The C Shareholders of any class of C Shares will be entitled to receive such dividends as the Board may resolve to pay to such C Shareholders out of the assets attributable to such C Shareholders.

The New Shares arising on Conversion of the C Shares shall rank in full for all dividends and other distributions declared after the Conversion Time save that New Shares arising on Conversion will not rank for any dividend declared by reference to a record date falling on or before the Conversion Time.

4.23.4 Rights as to capital

The capital and assets of the Company shall on a winding-up or on a return of capital prior, in each case, to Conversion be applied as follows:

- (A) first, the Share surplus shall be divided amongst the holders of the Shares *pro rata* according to their holdings of Shares; and
- (B) secondly, the C Share surplus attributable to each class or tranche of C Shares shall be divided amongst the holders of the C Shares of such class or tranche *pro rata* according to their holdings of the relevant tranche of C Shares.

4.23.5 Voting rights

The C Shares shall carry the right to receive notice of and to attend and vote at any general meeting of the Company. The voting rights of holders of C Shares will be the same as those applying to holders of Shares as set out in the Articles as if the C Shares and Shares were a single class.

4.23.6 Class consents and variation of rights

Until Conversion, the consent, by special resolution, of: (i) the holders of each tranche of C Shares as a class; and (ii) the holders of the Shares as a class shall be required to:

- (A) make any alteration to the memorandum of incorporation or the articles of incorporation of the Company; or
 - (B) pass any resolution to wind up the Company,
- and accordingly the special rights attached to the C Shares of such tranche and the Shares shall be deemed to be varied if such consent is not obtained.

5. MATERIAL CONTRACTS

The following are all of the contracts, not being contracts entered into in the ordinary course of business, that have been entered into by the Group since the Company's incorporation and are, or may be, material or that contain any provision under which the Group has any obligation or entitlement which is or may be material to it as at the date of this Prospectus:

5.1 Placing Agreement

Cenkos, the Investment Adviser and the Company have entered into a placing agreement dated 23 June 2017 (the "**Placing Agreement**"), whereby the Company has agreed, subject to certain conditions that are typical for an agreement of this nature, to issue the Shares to be issued pursuant to the Issue at the Issue Price. Cenkos has agreed, subject to certain conditions that are typical for an agreement of this nature, to use reasonable endeavours to procure subscribers for the Shares to be issued under the Placing at the Issue Price. The Placing will not be underwritten.

The obligations of the Company to issue Shares and the obligations of Cenkos to procure subscribers for the Shares to be issued under the Issue, are subject to conditions, including, amongst others, Admission occurring by not later than 8.00 a.m. on 10 July 2017 (or such later time or date as Cenkos may agree with the Company) and the Placing Agreement not having been terminated. Cenkos may terminate the Placing Agreement in certain circumstances that are typical for an agreement of this nature prior to Admission.

The Company has agreed to pay or cause to be paid (together with any related value added tax) certain costs, charges, fees, disbursements of advisers and reasonable out-of-pocket expenses of, or in connection with, or incidental to, amongst others, the Issue, Admission or the other arrangements contemplated by the Placing Agreement.

The Company and the Investment Adviser have given certain representations, warranties, undertakings and indemnities to Cenkos.

The Placing Agreement is governed by the laws of England and Wales.

5.2 Investment Advisory Agreement

The Fund Entities and the Investment Adviser have entered into an investment advisory agreement, dated 23 June 2017 (the “**Investment Advisory Agreement**”), pursuant to which the Investment Adviser will advise the Company in relation to the acquisition, holding, disposal and management of Songs, whether organised into Catalogues or otherwise, and provide the Fund Entities with certain assets related and other ongoing services. The Investment Adviser shall also second certain personnel to UK SubCo in accordance with a secondment agreement between the Investment Adviser and the UK SubCo which is expected to be entered into on or around Admission. The discretionary portfolio management of the Company’s assets (including uninvested cash), however, remains with the Board to be dealt with in accordance with the Company’s investment objective and policy.

Fees

5.2.1 The Fund Entities shall pay, and the Investment Adviser shall be entitled to receive, the Advisory Fee and, subject to the fulfilment of certain conditions, the Performance Fee. Further details of the Advisory Fee and Performance Fee are described in Part V (*Directors and Administration*) of this Prospectus.

Termination

5.2.2 The Investment Advisory Agreement may be terminated by:

- (A) the Investment Adviser on not less than 12 months’ notice to the Fund Entities, such notice not to expire earlier than the fifth anniversary of Admission (the “**Initial Period**”); or
- (B) the Fund Entities (acting together) on not less than 12 months’ notice to the Investment Adviser, such notice not to expire earlier than the end of the Initial Period subject to paragraph 5.2.3.

5.2.3 If, at the end of the Initial Period, the Continuation Resolution is passed and the Performance Target has been achieved up to the expiry of the Initial Period:

- (1) any notice of termination served by the Fund Entities (acting together) under paragraph 5.2.2(B) above shall be deemed to have been revoked; and
- (2) the Initial Period shall be extended with respect to the Fund Entities for a further period of five years and paragraph 5.2.2(B) above will apply until the tenth anniversary of Admission,

provided that if the Investment Adviser fails to achieve the Performance Target at the end of any Accounting Period after the extension of the Initial Period under this paragraph 5.2.3, the Fund Entities (acting together) may terminate this Agreement by giving not less than 12 months’ notice to the Investment Adviser at any time thereafter notwithstanding whether the Performance Target is achieved in any subsequent Accounting Periods.

For the purposes of this paragraph 5.2.3 “**Performance Target**” means an increase in the NAV per Share (after adjustments to: (i) include the gross amount of any dividends and/or distributions paid in respect of a Share since Admission; (ii) not take into account any increment in the NAV per Share attributable to the issue of Shares at a premium to NAV per Share or any buyback of any Shares at a discount to NAV per Share; and (iii) make such adjustments to take account of C Shares as were agreed between the Company and the Investment Adviser at the time of issuance of such C Shares) equal to or above the Performance Hurdle.

5.2.4 Notwithstanding the provisions of paragraphs 5.2.2 and 5.2.3 above, the Investment Advisory Agreement may be terminated by the Fund Entities with immediate effect from the time at which notice of termination is given or, if later, the time at which such notice is expressed to take effect if:

- (A) an order has been made or an effective resolution passed for the winding-up or liquidation of the Investment Adviser (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously consented to in writing by the Fund Entities, such consent not to be unreasonably withheld or delayed), or a receiver or similar officer has been appointed in respect of the Investment Adviser or of any material part of the Investment Adviser's assets, or the Investment Adviser is, or is deemed to be, unable to pay its debts as and when due;
- (B) the Investment Adviser ceases, or takes steps to cease, to carry on substantially the whole of its business;
- (C) the Investment Adviser makes a material alteration to the nature of its business and such alteration has the effect of discontinuing activities required to be performed under the Investment Advisory Agreement in connection with the Company's investment objective and policy;
- (D) the Investment Adviser has: (i) committed fraud, negligence or wilful misconduct in the performance of its services under the Investment Advisory Agreement; or (ii) materially breached its obligations under the Investment Advisory Agreement (including a breach of the Service Standard and omissions in respect of the services to be provided by the Investment Adviser under the Investment Advisory Agreement) or any Applicable Requirements;
- (E) the Investment Adviser is unable to continue to act as the investment adviser to a Fund Entity on a permanent basis due to any circumstances;
- (F) a Key Person Event occurs and an appropriate replacement for such Key Person has not been substituted by the Investment Adviser and approved by the Board (such approval not to be unreasonably withheld or delayed) within ninety (90) days of the date on which the Key Person Event occurs;
- (G) the Investment Adviser through any act or omission causes either the listing of the Shares on the Official List or the trading of the Shares on the London Stock Exchange to be suspended or terminated, or results in the Company losing its status as, or becoming ineligible for approval as an investment company registered with the Guernsey Financial Services Commission under the Registered Collective Investment Scheme Rules 2015 and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended; and
- (H) the Company is required by any relevant regulatory authority to terminate the Investment Adviser's appointment.

5.2.5 The Investment Advisory Agreement may be terminated by the Investment Adviser with immediate effect from the time at which notice of termination is given to the Fund Entities or, if later, the time at which such notice is expressed to take effect, if an order has been made or an effective resolution passed for the winding-up or liquidation of the Company (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously consented to in writing by the Investment Adviser, such consent not to be unreasonably withheld or delayed).

5.2.6 If, in the opinion of the Investment Adviser, acting reasonably, any proposed change to the Company's investment objective and policy is of such significance that the Investment Adviser would no longer be able to perform its obligations under the Investment Advisory Agreement in accordance with the Service Standard, the Investment Adviser may terminate this Agreement on the earlier of: (i) the date on which the appointment of a replacement investment adviser becomes effective; or (ii) the Business Day prior to the date on which the proposed changes to the Company's investment objective and policy are intended to take effect.

5.2.7 In the event the Investment Advisory Agreement is terminated, the Investment Adviser shall be entitled to be paid in cash: (a) any accrued Advisory Fee up to the effective date of termination of the Investment Advisory Agreement (the "**Termination Date**"); (b) all accrued but unpaid Performance Fee in respect of any Accounting Period

completed prior to the Termination Date; and (c) prompt reimbursement for all of its out of pocket expenses incurred in respect of the performances of its obligations thereunder up to the Termination Date.

5.2.8 Where the Investment Advisory Agreement is terminated in accordance with paragraphs 5.2.2(B), 5.2.3, 5.2.5, 5.2.6 or 5.2.4(H) (other than as a result of any malfeasance by the Investment Adviser or its Affiliate), the Investment Adviser shall also be entitled to be paid in cash: (a) a Performance Fee (if applicable) with respect to any ongoing but incomplete Accounting Period calculated as at the Termination Date; and (b) a one-time termination fee equal to one year's Advisory Fee calculated by reference to the Net Asset Value as at the Termination Date.

5.2.9 In the event that the Investment Advisory Agreement is terminated by the Company pursuant to paragraphs 5.2.2(B), 5.2.3, 5.2.5 or 5.2.6 the Investment Adviser shall also have an unconditional right (the "**Call Option**") exercisable at any time during the period of six months immediately following the Termination Date (the "**Option Period**") to purchase from the Company its portfolio of Songs (whether held directly or indirectly) as at the Termination Date (the "**Termination Portfolio**") by giving written notice to the Company (the "**Option Notice**") on the terms set out in the Investment Advisory Agreement. In summary, the Investment Advisory Agreement provides that any such purchase price must be at the higher of:

- (A) the fair market value of the Termination Portfolio as at the date of service of the Option Notice as determined by an independent valuer;
- (B) any price offered to any Fund Entity in good faith on an unsolicited basis by a credible third party together with evidence of availability of funds to meet the purchase price for the Termination Portfolio at arms' length basis at any time between the Termination Date and the date of service of the Option Notice; and
- (C) the market capitalisation of the Company as at the date of service of the Option Notice subject to adjustment to reflect the proportion of the Company's assets which is not represented by Songs).

Any such sale shall be subject to the provisions of the Investment Advisory Agreement in this regard.

Liability and indemnity

5.2.10 The Investment Adviser shall not be liable to the Fund Entities for any loss, claim, costs, charges and expenses, liabilities or damages ("**Losses**") arising out: (i) of any action taken or omitted to be taken by the Investment Adviser except for Losses arising out of or in connection with the negligence, fraud, bad faith, or wilful misconduct of the Investment Adviser or material breach by the Investment Adviser of any its obligations under the Investment Advisory Agreement or the Applicable Requirements; and (ii) any act or omission by any employee, broker or their agent of a Fund Entity unless the Investment Adviser was responsible for the selection of such employee, broker or other agent and the Investment Adviser did not use reasonable care in connection with such selection.

5.2.11 The Fund Entities shall indemnify the Investment Adviser against all claims by third parties which may be made against the Investment Adviser in connection with the provision of services under the Investment Advisory Agreement unless such claim arises out of or in connection with the negligence, fraud, bad faith, or wilful misconduct of the Investment Adviser or material breach by the Investment Adviser of any its obligations under the Investment Advisory Agreement or the Applicable Requirements.

Service standard

5.2.12 The Investment Adviser is required, under the terms of the Investment Advisory Agreement, at all times to perform its obligations under the Investment Advisory Agreement with such skill and care as would be reasonably expected of a professional investment adviser advising in good faith an investment company of comparable size and complexity to the Company and having a materially similar investment objective and policy and shall ensure that it has adequate systems and

controls in place in order to do so and that its obligations under the Investment Advisory Agreement are performed by a team of appropriately qualified, trained and experienced professionals (the “**Service Standard**”).

5.2.13 The Key Person shall commit sufficient time to the affairs of the Investment Adviser and its affiliates to ensure that the Investment Adviser can, in the opinion of the Board acting reasonably, at all times perform its obligations under the Investment Advisory Agreement in accordance with the Service Standard.

General

5.2.14 The Investment Advisory Agreement is governed by the laws of England and Wales.

5.3 **Kobalt Agreement**

The Fund Entities entered into a portfolio administration agreement with Kobalt on 23 June 2017 (the “**Kobalt Agreement**”). Under the Kobalt Agreement, Kobalt has agreed to administer the Company’s Portfolio of Songs including:

- (a) registering each Song with relevant collection societies in those territories where Kobalt collects money directly;
- (b) collecting monies earned from the Portfolio throughout the territories where Kobalt collects money directly and indirectly on behalf of the Fund Entities;
- (c) providing regular statements of monies collected to the Fund Entities and its advisers; and
- (d) where Kobalt is sub-published or collects monies through an agency, using reasonable endeavours to procure that each relevant sub-publisher or agent registers the Songs with the appropriate royalty collection agents and collects monies earned by the Songs through such territory or territories.

In consideration for Kobalt performing its obligations under the Kobalt Agreement, Kobalt is entitled to a fee calculated by reference to the payments it receives on behalf of the Fund Entities which will be deducted at source by Kobalt from the payments it receives. For mechanical royalties, print royalties and other income not related to synchronisations, the fee will be 8 per cent. of the payments received, such fee being reduced, to a minimum rate of 5 per cent., at such times as certain milestone payments are received by Kobalt in respect of the Songs it administers. For synchronisation revenues that are generated by Kobalt, the fee will be 8 per cent. of the payments received in respect of such synch. Kobalt will also be entitled to 10 per cent. of the publisher’s share of any performance royalties it receives. These rates will be reviewed annually. Kobalt will not be entitled to any fees with regards to the writer’s share of any performance royalties it receives. Kobalt will not be entitled to any fees on any payments it receives in respect of synchronisations that Kobalt has not generated.

The Kobalt Agreement is for an initial term of three years (the “**Initial Term**”) and shall continue thereafter until terminated by either party providing 6 months written notice (such notice to expire no earlier than the Initial Term) (a “**Termination Notice**”), provided that the Kobalt Agreement shall expire on the next accounting date (being 31 March, 30 June, 30 September or 31 December) following the expiration of: (i) the Initial Term; or (ii) the relevant Termination Notice. Further, on the expiry of the Initial Term (whether extended or not), Kobalt shall have the right, for a period of 12 months following the expiration of the Initial Term, to collect monies which arise from the exploitation of the Songs occurring prior to or during the Initial Term (“**Collection Period**”).

If either the Company, any other Fund Entity or Kobalt defaults in the performance of any of its material obligations or duties and, where such default is capable of being cured, it continues for 30 days (or ten Business Days with respect to non-payment of monies) after receipt by the other party of notice in writing from such party alleging such default, the Kobalt Agreement may be terminated immediately.

The Fund Entities shall have a right to terminate the Initial Term (whether extended or not) and the Collection Period of the Kobalt Agreement forthwith if: (i) Kobalt becomes unable to pay its debts as evidenced by a statutory demand made pursuant to section 123 of the Insolvency Act 1986 and not having been satisfied; (ii) a resolution is passed for winding-up of Kobalt (other than for the purpose of, and followed by, a solvent reconstruction or

amalgamation); (iii) Kobalt is dissolved (other than pursuant to a consolidation, amalgamation or merger); (iv) Kobalt makes a proposal for any voluntary arrangement (as defined in section 1 of the Insolvency Act 1986); or (v) an administrator is appointed in relation to Kobalt and is not discharged within 60 days. Under the terms of the Kobalt Agreement, Kobalt is required, on request to make periodic advance payments to the Fund Entities, calculated by reference to the revenues due on the Portfolio, in order to mitigate the Fund Entities' exposure in the event of a Kobalt insolvency event.

The Fund Entities shall fully indemnify Kobalt for any loss, damage, cost, liability or expense (including all out of house legal expenses) suffered by Kobalt directly or indirectly from a breach or alleged breach of the grant of rights, warranties and/or representations provided by the Fund Entities in the Kobalt Agreement which arise from any third party claims subject to the occurrence of one of the following events:

- (a) any such third party claim being reduced to a judgment in a court of competent jurisdiction;
- (b) any such third party claim being settled with the Fund Entities' prior approval (which approval shall not be unreasonably withheld or delayed); or
- (c) any such third party claim being withdrawn or not proceeded with (as determined by Kobalt acting reasonably and in good faith) by the third party claimant.

The Kobalt Agreement is governed by the laws of England and Wales.

5.4 Administration Agreement

The Company, Guernsey SubCo and the Fund Administrator entered into an administration agreement dated 23 June 2017 (the "**Fund Administration Agreement**") and UK SubCo entered into an administration agreement dated 23 June 2017 with Heritage Administration Services Limited, an Affiliate of the Fund Administrator (together, the "**Administration Agreements**").

Pursuant to the Administration Agreements, the Fund Administrator or Heritage Administration Services Limited (as applicable) shall provide administration, accounting and corporate secretarial services to each of the Fund Entities. In consideration for these services being provided to the Fund Entities, the Fund Administrator and Heritage Administration Services Limited will be entitled to an aggregate annual fee of £192,000 together with additional ad hoc fees in respect of certain additional services, such fees being payable monthly in arrear and subject to periodic review.

The Company has given certain market standard indemnities in favour of the Fund Administrator in respect of the Fund Administrator's potential losses in carrying out its responsibilities under the Administration Agreements.

Each of the Administration Agreements may be terminated by either party on not less than 90 days' written notice. Each of the Administration Agreements may be terminated immediately by either party: (i) in the event of the winding-up of or the appointment of an administrator, liquidator, examiner or receiver to the other or upon the happening of a like event at the direction of an appropriate regulatory agency or court of competent jurisdiction; (ii) if the other shall commit any material breach of the provisions of the relevant Administration Agreement and shall if capable of remedy not have remedied the same within 30 days after the service of notice requiring it to be remedied; (iii) if the Fund Administrator shall cease to be qualified to act as such pursuant to the Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended; or (iv) if the continued performance of the relevant Administration Agreement for any reason ceases to be lawful.

The Fund Administration Agreement is governed by the laws of Guernsey. The agreement between UK SubCo and Heritage Administration Services Limited is governed by the laws of England and Wales.

5.5 Registrar Agreement

The Company and the Registrar entered into a registrar agreement dated 23 June 2017 (the "**Registrar Agreement**"), whereby the Registrar is appointed to act as registrar, paying agent and transfer agent to the Company.

Under the terms of the Registrar Agreement, the Registrar is entitled to a fixed fee of £6,500 per annum, together with additional ad hoc fees in respect of additional out of scope services provided by the Registrar. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges reasonably incurred on behalf of the Company.

The Registrar Agreement shall continue for an initial term of 12 months, following which it may be terminated on six months' notice and is also terminable on shorter notice in the event of breach of the agreement or insolvency.

The Company has given certain market standard indemnities in favour of the Registrar in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement.

The Registrar Agreement is governed by the laws of England and Wales.

5.6 Receiving Agent Agreement

The Company and the Receiving Agent entered into a receiving agent agreement dated 23 June 2017 (the "**Receiving Agent Agreement**"), whereby the Receiving Agent is appointed to act as receiving agent to the Company. The Receiving Agent will accept responsibility for, *inter alia*, receiving the application for Shares and the application monies, holding application cheques in a secure area to present them for payment, receiving and checking conversion instructions and acting as escrow agent.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a fixed fee of £5,500, plus a processing fee per application. The Receiving Agent is also entitled to reimbursement of all reasonable out-of-pocket expenses properly incurred and documented by it in connection with its duties.

The Company has given certain market standard indemnities in favour of the Receiving Agent in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the agreement.

The agreement is governed by the laws of England and Wales.

5.7 Catalogue Acquisition Agreements

The Investment Adviser is in the process of negotiating the acquisition agreements for some of the Pipeline Catalogues. Whilst the terms of each acquisition agreement may vary from one to the other (in particular, to deal with specific factors related to individual Catalogues that are discovered as part of the due diligence process), the Investment Adviser anticipates that the key terms of each acquisition agreement will cover the following points:

- (i) an exact description of what is being acquired (this will be by way of a list of all of the Songs which comprise the Catalogue) and, for each Song that is being acquired, an identification of what percentage of the Song the seller owns);
- (ii) a series of warranties, representations and indemnities given by the seller (including as regards ownership of the Songs, there being no encumbrances and no infringement of copyright or claims, and no grant of rights to other third parties other than as expressly stated);
- (iii) an indication of any agreements which will continue to bind the Catalogues (or particular Songs) after the sale (for example, a portfolio administration agreement). Where such agreements exist, they will be appended to the Catalogue acquisition agreements;
- (iv) the actual effective date of the acquisition (i.e. the point at which the Company will step into the place of the seller and the date from which the Company will be entitled to receive royalties from each Song) (the "**Effective Date of Acquisition**");
- (v) mechanics of payment (whether this will occur, as is more typical, on signing or whether there will be any element of deferred payment (including the conditions attaching to such deferred payment mechanisms) or escrow arrangements);
- (vi) obligations on the seller to issue an irrevocable direction to multiple parties that the Company now owns the Catalogue/Songs and therefore all income is payable to the Company (or to anyone the Company so directs payment to be made). This will include letters to PROs or collection agencies, together with letters of copyright assignment;

- (vii) the grant by the seller to the Company to use the names, likenesses and biographical material of the songwriters for all purposes related to exploitation of the Songs;
- (viii) confidentiality provisions related to the financial terms of the acquisition agreement, which may include the acquisition price;
- (ix) a restriction on the seller issuing any media statements. The Company would be the only party with the right to issue media statements and regulatory statements related to the transaction;
- (x) the grant by the seller to the Company of a power of attorney to execute all further documents that may be desirable in the Company's view to evidence or give effect to the Company's rights and interests; and
- (xi) a provision that if for any reason the seller shall receive any monies that belong to the Company (whether such payments were triggered before or after the Effective Date of Acquisition), then the seller shall hold same in trust for the Company and pay the same over to the Company within three days.

5.8 WRL Engagement Letter

The Company has entered into an agreement with ILP Limited (a wholly owned personal services company of William (Bill) Leibowitz) dated 23 June 2017 (the "**WRL Engagement Letter**"), pursuant to which Mr Leibowitz will be retained by the Company to provide legal services in connection with Catalogue or Song acquisitions, together with ongoing royalty/licensing issues, copyright registrations, advising on any threatened litigation and other legal services.

Pursuant to the WRL Engagement Letter, Mr Leibowitz will be entitled to a fixed fee of U.S.\$400,000 per annum, payable in arrear by the Company in twelve (12) equal instalments per year (save in limited circumstances where the Investment Adviser may, in future, agree to pay part of the annual fee). The Company will reimburse Mr Leibowitz for all reasonable business expenses.

Unless terminated by either party in accordance with its terms, the WRL Engagement Letter shall continue in full force and effect for the same term as the Investment Advisory Agreement. Unless agreed between the parties, the WRL Engagement Letter shall terminate automatically following the termination of the Investment Advisory Agreement.

6. THE CITY CODE ON TAKEOVERS AND MERGERS

Mandatory Bid

6.1 The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- 6.1.1 any person acquires, whether by a series of transactions over a period of time or otherwise, an interest in Shares which, when taken together with Shares already held by him or persons acting in concert with him, carry 30 per cent. or more of the voting rights in the Company; or
- 6.1.2 any person, together with persons acting in concert with him, is interested in Shares which in the aggregate carry not less than 30 per cent. of the voting rights of the Company but does not hold Shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other Shares which increases the percentage of Shares carrying voting rights in which he is interested,

such person would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash or cash alternative offer for the outstanding Shares at a price not less than the highest price paid for any interests in the Shares by the person or their concert parties during the previous 12 months.

6.2 Any offer made in accordance with paragraph 6.1 above, must only be conditional on:

- 6.2.1 the person having received acceptances in respect of Shares which (together with Shares already acquired or agreed to be acquired) will result in the person and any person acting in concert with him holding Shares carrying more than 50 per cent. of the voting rights; and

6.2.2 no reference having been made in respect of the offer to the Competition and Markets Authority by either the first closing date, or the date when the offer becomes or is declared unconditional as to acceptances, whichever is the later.

6.3 Compulsory acquisition

The Companies Law provides that if an offer is made for the shares or any class of shares in the capital of a company and if, within four months after the date of such offer, the offer is approved by shareholders comprising 90 per cent. in value of the shares affected (excluding any shares held as treasury shares) then the offeror may, no later than two months after the expiration of those four months, send an acquisition notice to any dissenting shareholders informing them that it wishes to acquire their shares (an “**Acquisition Notice**”). Where an Acquisition Notice is given, the offeror is then entitled and bound to acquire those shares on the terms on which the original offer, approved by the shareholders comprising 90 per cent. in value of the shares affected was made.

7. LITIGATION

There are, and there have been, no governmental, legal or arbitration proceedings during the period since the Company’s incorporation, and the Company is not aware of any such pending or threatened proceedings, which may have, or have had in the recent past, a significant effect on the Group’s financial position or profitability.

8. RELATED PARTY TRANSACTIONS

Except with respect to the appointment letters entered into between the Company and each Director, no member of the Group has entered into any related party transaction since incorporation, save for the entry into the Investment Advisory Agreement with the Fund Entities and the Investment Adviser.

9. GENERAL

- 9.1 The Company is not regulated by the Financial Conduct Authority or any other non-Guernsey regulator.
- 9.2 The address of the Investment Adviser is Lansdowne House, 1b Lansdowne Road, Holland Park, London W11 3LP, and its telephone number is 020 7912 0611.
- 9.3 As the Shares do not have a par value, the Issue Price consists solely of share premium.
- 9.4 The Investment Adviser may be a promoter of the Company. Save for the Investment Advisory Agreement summarised in paragraph 5.2 of this Part VIII (*Additional Information*) of this Prospectus, no amount or benefit has been paid, or given, to the promoter or any of its subsidiaries since the incorporation of the Company and none is intended to be paid, or given.
- 9.5 CREST is a paperless settlement procedure enabling securities to be evidenced other than by certificates and transferred other than by written instrument. The Articles permit the holding of the Shares under the CREST system. The Directors intend to apply for the Shares to be admitted to CREST with effect from Admission. Accordingly it is intended that settlement of transactions in the Shares following Admission may take place within the CREST system if the relevant Shareholders (other than U.S. Persons) so wish. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so upon request from the Registrars.
- 9.6 Applications will be made to each of the UK Listing Authority and the London Stock Exchange for such Shares to be admitted to the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority and to be admitted to trading on the Premium Segment, respectively. It is expected that Admission will become effective, and that dealings in the Shares will commence at 8.00 a.m. on 10 July 2017. No application is being made for the Shares to be dealt with in or on any stock exchanges or investment exchanges other than the London Stock Exchange.
- 9.7 The Company does not own any premises and does not lease any premises.

10. Third party sources

- 10.1 Where third party information has been referenced in this Prospectus, the source of that third party information has been disclosed. Where information contained in this Prospectus has been sourced from a third party, the Company confirms that such information has been accurately reproduced and, as far as the Company is aware and able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.
- 10.2 The Investment Adviser has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear. The Investment Adviser accepts responsibility for the information and opinions contained in: (a) the risk factors under the following headings: “Risks Relating to the Company”; “Risks Relating to the Music Industry”; “Risks Relating to the Investment Adviser”; and “Risks Relating to the Investment Policy and Strategy and to the Investment Portfolio and the Pipeline Assets”; (b) Part I (Investment Highlights); (c) section 1 (Introduction), section 2 (Investment Objective and Policy), section 3 (Pipeline Investments), section 4 (Dividend Policy), section 5 (Target Returns), and section 7 (Calculation and Publication of Net Asset Value) of Part II (Information on the Company); (d) Part III (Market Background and Investment Strategy and Approach); (e) Part IV (The Investment Adviser); and (f) the sections entitled “Conflicts of Interest: Investment Adviser” and “Fees and Expenses: Fees payable to the Investment Adviser” of Part V (*Directors and Administration*) of this Prospectus and any other information or opinion related to or attributed to it or any Affiliate of the Investment Adviser. The information attributed to the Investment Adviser in this Prospectus is, to the best of the Investment Adviser’s knowledge, in accordance with the facts and contains no omission likely to affect its import (the Investment Adviser having taken all reasonable care to ensure that such is the case).
- 10.3 Cenkos has given and not withdrawn its written consent to the issue of this Prospectus with references to its name in the form and context in which such references appear.

11. WORKING CAPITAL

The Company is of the opinion that the working capital available to the Group is sufficient for its present requirements, that is for at least 12 months from the date of this Prospectus.

12. CAPITALISATION AND INDEBTEDNESS

- 12.1 As at the date of this Prospectus, the Company:
- 12.1.1 does not have any secured, unsecured or unguaranteed indebtedness, including indirect and contingent;
 - 12.1.2 has not granted any mortgage or charge over any of its assets; and
 - 12.1.3 does not have any contingent liabilities or guarantees.
- 12.2 As at the date of this Prospectus, the Company’s issued share capital is one Share, which is fully paid.

13. ADDITIONAL AIFM DIRECTIVE DISCLOSURES

The AIFM Directive imposes detailed and prescriptive obligations on fund managers established in the EEA (the “**Operative Provisions**”). These do not currently apply to self-managed AIFs established outside the EEA, such as the Company. Rather, self-managed, non-EEA AIFs are only required to comply with certain disclosure, reporting and transparency obligations of the AIFM Directive (the “**Disclosure Provisions**”) and, even then, only if the non-EEA AIF markets its shares in a fund to EEA domiciled investors within the EEA. Where the Disclosure Provisions appear to require disclosure on an Operative Provision which does not apply to the Company, no meaningful disclosure can be made. These Operative Provisions include prescriptive rules on the treatment of investors, liquidity management and cover for professional liability risks.

Professional indemnity insurance

The Company, as a self-managed AIF established outside the EEA, is not authorised under the AIFM Directive and is therefore not subject to the detailed requirements set out therein in relation to the holding of professional indemnity insurance and regulatory capital.

Liquidity risk management

There is no right or entitlement attaching to Shares that allows them to be redeemed or repurchased by the Company at the option of the Shareholder.

Liquidity risk is therefore the risk that a position held by the Company cannot be realised at a reasonable value sufficiently quickly to meet the obligations (primarily, repayment of any debt and the fees payable to the Company's service providers) of the Company as they fall due.

The Company will seek to ensure that it holds at all times a Portfolio that is sufficiently liquid to enable it to discharge its payment obligations.

Fair treatment of Shareholders

The Company will comply with the Listing Rules and the Listing Principles that are applicable to closed-ended investment companies listed on the premium equity closed-ended investment funds category of the Official List of the UK Listing Authority.

Rights against third party service providers

The Company is reliant on the performance of third party service providers, including the Investment Adviser, the Fund Administrator, Kobalt and other portfolio administrators and the Registrar.

Without prejudice to any potential right of action in tort that a Shareholder may have to bring a claim against a service provider, each Shareholder's contractual relationship in respect of its investment in Shares is with the Company only. Accordingly, no Shareholder will have any contractual claim against any service provider with respect to such service provider's default.

In the event that a Shareholder considers that it may have a claim against a third party service provider in connection with such Shareholder's investment in the Company, such Shareholder should consult its own legal advisers.

14. DOCUMENTS AVAILABLE FOR INSPECTION

14.1 Copies of the following documents will be available for inspection at the registered office of the Company during normal business hours on any Business Day until the date of Admission:

14.1.1 the Memorandum and Articles; and

14.1.2 this Prospectus.

Dated 23 June 2017

PART IX: TERMS AND CONDITIONS OF THE OFFER FOR SUBSCRIPTION

1. INTRODUCTION

- 1.1 If you apply for Shares under the Offer, you will be agreeing with the Company, the Registrar and the Receiving Agent to the terms and conditions of application set out below. Potential investors should note the section entitled “*Notes on how to complete the Application Form for the Offer*” in Appendix I to this Prospectus.
- 1.2 The Application Form may also be used to subscribe for Shares on such other terms and conditions as may be agreed in writing between the applicant and the Company.

2. OFFER TO SUBSCRIBE FOR SHARES

- 2.1 Your application must be made on the Application Form attached at Appendix II to this Prospectus or as may be otherwise published by the Company. By completing and delivering an Application Form, you, as the applicant, and, if you sign the Application Form on behalf of another person or a corporation, that person or corporation:
 - 2.1.1 offer to subscribe for such number of Shares at 100 pence per Share as may be purchased by the subscription amount specified in Box 1 on your Application Form (being a minimum of £1,000, or such smaller number for which such application is accepted, and in multiples of £100) on the terms, and subject to the conditions, set out in this Prospectus, including these Terms and Conditions of the Offer for Subscription, and the Articles (as amended from time to time);
 - 2.1.2 agree that in respect of any Shares for which you wish to subscribe under the Offer you will submit payment in Sterling;
 - 2.1.3 agree that, in consideration of the Company agreeing that it will not, prior to the date of Admission, offer for subscription any Shares to any person other than by means of the procedures referred to in this Prospectus, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of any supplementary prospectus being published by the Company subsequent to the date of this Prospectus and prior to Admission) and that this section shall constitute a collateral contract between you and the Company which will become binding upon despatch by post to, or in the case of delivery by hand, on receipt by the Receiving Agent of, your Application Form;
 - 2.1.4 undertake to pay the amount specified in Box 1 on your Application Form in full on application and warrant that the remittance accompanying your Application Form will be honoured on first presentation and agree that if such remittance is not so honoured, you will not be entitled to receive the share certificates for the Shares applied for in certificated form or be entitled to commence dealing in the Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Shares unless and until you make payment in cleared funds for such Shares and such payment is accepted by the Receiving Agent (which acceptance shall not constitute an acceptance of your application under the Offer and shall be in its absolute discretion and on the basis that you indemnify the Company, the Registrar, the Receiving Agent, Cenkos and their respective Affiliates against all costs, damages, losses, expenses and liabilities arising out of, or in connection with, the failure of your remittance to be honoured on first presentation) and the Company may (without prejudice to any other rights it may have) void the agreement to allot the Shares and may allot them to some other person, in which case you will not be entitled to any refund or payment in respect thereof (other than the refund by way of a cheque, in your favour, at your risk, for an amount equal to the proceeds of the remittance which accompanied your Application Form, without interest);
 - 2.1.5 agree that where on your Application Form a request is made for Shares to be deposited into a CREST Account, the Receiving Agent may in its absolute discretion amend the Application Form so that such Shares may be issued in certificated form registered in the name(s) of the applicant(s) specified in your Application Form (and recognise that the Receiving Agent will so amend the form if there is any delay in

satisfying the identity of the applicant or the owner of the CREST Account or in receiving your remittance in cleared funds as approved by both the Company and Cenkos);

- 2.1.6 agree, in respect of applications for Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 2.1.5 above to issue Shares in certificated form), that any share certificate to which you or, in the case of joint applicants, any of the persons specified by you in your Application Form may become entitled or pursuant to paragraph 2.1.5 above (and any monies returnable to you) may be retained by the Receiving Agent:
- (i) pending clearance of your remittance;
 - (ii) pending investigation of any suspected breach of the warranties contained in paragraph 6 below or any other suspected breach of these Terms and Conditions of the Offer for Subscription; or
 - (iii) pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the Guernsey AML Requirements,
- 2.1.7 agree, on the request of the Receiving Agent, to disclose promptly in writing to it such information as the Receiving Agent may request in connection with your application and authorise the Receiving Agent to disclose any information relating to your application which it may consider appropriate;
- 2.1.8 agree that, if evidence of identity satisfactory to the Receiving Agent is not provided to the Receiving Agent within a reasonable time (in the opinion of the Receiving Agent) following a request therefor, the Company may terminate the agreement with you to allot Shares and, in such case, the Shares which would otherwise have been allotted to you may be re-allotted or sold to some other party and the lesser of your application monies or such proceeds of sale (as the case may be, with the proceeds of any gain derived from a sale accruing to the Company) will be returned to the bank account on which the payment accompanying the application was first drawn without interest and at your risk;
- 2.1.9 agree that you are not applying on behalf of a person engaged in money laundering, drug trafficking or terrorism, or any sanctioned individual or entity;
- 2.1.10 undertake to ensure that, in the case of an Application Form signed by someone else on your behalf, the original of the relevant power of attorney (or a complete copy certified by a solicitor or notary) is enclosed with your Application Form together with full identity documents for the person so signing;
- 2.1.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Shares for which your application is accepted or if you have completed section 2B on your Application Form, but subject to paragraph 2.1.5 above, to deliver the number of Shares for which your application is accepted into CREST, and/or to return any monies returnable by cheque in your favour without interest and at your risk;
- 2.1.12 confirm that you have read and complied with paragraph 8 of this Part IX (*Terms and Conditions of the Offer for Subscription*) of this Prospectus;
- 2.1.13 agree that all subscription cheques and payments will be processed through a bank account in the name of "Computershare Investor Services PLC re: Hipgnosis Songs Fund Limited – Offer for Subscription A/C" opened with the Receiving Agent;
- 2.1.14 agree that your Application Form is addressed to the Company and the Receiving Agent;
- 2.1.15 agree that, if a fractional entitlement to a Share arises on your application, the number of Shares issued to you will be rounded down to the nearest whole number and any fractions shall be retained by the Company for its benefit; and
- 2.1.16 acknowledge that the Issue will not proceed if the minimum Gross Issue Proceeds of £100 million are not raised.
- 2.2 Any application may be rejected in whole or in part at the sole discretion of the Company.

3. ACCEPTANCE OF YOUR OFFER

- 3.1 The Receiving Agent may, on behalf of the Company, accept your offer to subscribe (if your application is received, valid (or treated as valid), processed and not rejected) for Shares either:
- 3.1.1 by informing Cenkos and the Company so they may notify the UK Listing Authority of the basis of allocation (in which case the acceptance will be on that basis); or
 - 3.1.2 by notifying acceptance to the Company.
- 3.2 The basis of allocation will be determined by Cenkos (in its absolute discretion) in consultation with the Company. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application on such basis as they may determine. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of the Offer for Subscription or not in all respects completed or delivered in accordance with the instructions accompanying the Application Form. In particular, but without limitation, the Company may accept an application made otherwise than by completion of an Application Form where you have agreed with the Company in some other manner to apply in accordance with these Terms and Conditions of the Offer for Subscription. The Company and Receiving Agent reserve the right (but shall not be obliged) to accept Application Forms and accompanying remittances which are received otherwise than in accordance with these Terms and Conditions of the Offer for Subscription.
- 3.3 The Receiving Agent will present all cheques and bankers' drafts for payment on receipt and will retain documents of title and surplus monies pending clearance of successful applicants' payments. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.
- 3.4 The Company reserves the right in its absolute discretion (but shall not be obliged) to accept applications for less than the minimum subscription.

4. CONDITIONS

- 4.1 The contracts created by the acceptance of applications (in whole or in part) under the Offer will be conditional on:
- 4.1.1 Admission becoming effective by not later than 8.00 a.m. (London time) on 10 July 2017 (or such later time and/or date, not being later than 8.00 a.m. on 31 August 2017, as the Company, the Investment Adviser and Cenkos may agree);
 - 4.1.2 the Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective; and
 - 4.1.3 the minimum Gross Issue Proceeds of £100 million being raised pursuant to the Issue.
- 4.2 You will not be entitled to exercise any remedy of rescission for innocent misrepresentation (including pre-contractual representations) at any time after acceptance. This does not affect any other rights you may have.

5. RETURN OF APPLICATION MONIES

Where application monies have been banked and/or received, if any application is not accepted in whole, or is accepted in part only, or if any contract created by acceptance does not become unconditional, the application monies or, as the case may be, the balance of the amount paid on application will be returned without interest and after the deduction of any applicable bank charges by returning your cheque, or by crossed cheque in your favour, by post at the risk of the person(s) entitled thereto. In the meantime, application monies will be retained by the Receiving Agent in a separate non-interest bearing account.

6. WARRANTIES

- 6.1 By completing an Application Form, you:
- 6.1.1 warrant that, if you sign the Application Form on behalf of somebody else or on behalf of a corporation, you have due authority to do so on behalf of that other person and that such other person will be bound accordingly and will be deemed also

to have given the confirmations, warranties and undertakings contained in these Terms and Conditions of the Offer for Subscription and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;

- 6.1.2 make the representations, warranties, undertakings, agreements and acknowledgements set out in this Prospectus, including those set out in the paragraph entitled “*Representations, Warranties and Undertakings*” in Part VI (*Issue Arrangements*) of this Prospectus;
- 6.1.3 warrant, if the laws of any territory or jurisdiction other than the United Kingdom are applicable to your application, that you have complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with your application in any territory and that you have not taken any action or omitted to take any action which will result in the Company, the Receiving Agent, Cenkos, or any of their respective Affiliates, officers, agents or employees, acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Offer in respect of your application;
- 6.1.4 warrant that you are entitled to acquire the Shares under the applicable laws of all relevant jurisdictions, you have fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and you have paid or will pay all issue, transfer or other taxes due in connection with your acceptance in any jurisdiction of the Shares and that you have not taken any action, or omitted to take any action, which may result in the Company or Cenkos, or their respective directors, officers, agents, employees and advisers, being in breach of the laws of any jurisdiction in connection with the Issue or your acceptance of participation in the Issue;
- 6.1.5 you have received, carefully read and understand this Prospectus and, unless otherwise expressly agreed with the Company, you have not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials or publicity relating to the Shares into or within Australia, Canada, Japan or South Africa, nor will you do any of the foregoing;
- 6.1.6 represent and warrant that, if you have a registered address or are otherwise resident or domiciled in an EEA state:
 - (A) you are a “professional investor” within the meaning of the AIFM Directive (unless you are also eligible to participate in the Offer being made in the United Kingdom); and
 - (B) you have not been marketed to or received any marketing materials in any EEA state other than the United Kingdom;
- 6.1.7 warrant that you do not have a registered address in, and are not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Shares and you are not acting on a non-discretionary basis for any such person;
- 6.1.8 confirm that in making an application you are not relying on any information or representations in relation to the Company and the Shares other than those contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the date of this Prospectus and prior to Admission (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this Prospectus, any such supplementary prospectus or any part thereof shall have any liability for any such other information or representation and any information relating to the exchange of tax information;
- 6.1.9 agree that, having had the opportunity to read this Prospectus, you shall be deemed to have had notice of all information and representations contained herein;
- 6.1.10 acknowledge that no person is authorised in connection with the Offer to give any information or make any representation other than as contained in this Prospectus and any supplementary prospectus published by the Company subsequent to the day

of this Prospectus and prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Receiving Agent, Cenkos or any of their respective Affiliates;

- 6.1.11 warrant that you are not under the age of 18 on the date of your application;
- 6.1.12 agree that all documents and monies sent by post to, by or on behalf of the Company, or the Receiving Agent, will be sent at your risk and, in the case of documents and returned application cheques and payments to be sent to you, may be sent to you at your address (or, in the case of joint applicants, the address of the first-named applicant) as set out in your Application Form;
- 6.1.13 confirm that you have reviewed the restrictions contained in paragraph 8 of this Part IX (*Terms and Conditions of the Offer for Subscription*) of this Prospectus and warrant, to the extent relevant, that you (and any person on whose behalf you apply) comply or have complied with the provisions therein;
- 6.1.14 agree that, in respect of those Shares for which your Application Form has been received and processed and not rejected, acceptance of your Application Form shall be constituted by the Company instructing the Registrar to enter your name on the Register;
- 6.1.15 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer and any non-contractual obligations arising in connection therewith shall be governed by and construed in accordance with the laws of England and Wales and that you submit to the jurisdiction of the English Courts and agree that nothing shall limit the right of the Company to bring any action, suit or proceedings arising out of or in connection with any such applications, acceptances of applications and contracts in any other manner permitted by law or in any court of competent jurisdiction;
- 6.1.16 irrevocably authorise the Company, the Receiving Agent, Cenkos or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Shares subscribed by or issued to you into your name and authorise any representatives of the Company, the Receiving Agent, Cenkos to execute any documents required thereafter and to enter your name on the Register;
- 6.1.17 warrant that you are: (i) highly knowledgeable and experienced in business and financial matters as to be capable of evaluating the merits and risks of an investment in the Shares; (ii) fully understand the risks associated with such investment; and (iii) are able to bear the economic risk of your investment in the Company and are currently able to afford the complete loss of such investment;
- 6.1.18 agree to provide the Company and Receiving Agent with any information which they may request in connection with your application or to comply with any other relevant legislation (as the same may be amended from time to time) including without limitation satisfactory evidence of identity to ensure compliance with the Guernsey AML Requirements;
- 6.1.19 agree that each of the Receiving Agent and Cenkos are acting for the Company in connection with the Offer and for no-one else and that they will not treat you as their customer by virtue of such application being accepted or owe you any duties or responsibilities concerning the price of Shares or concerning the suitability of Shares for you or be responsible to you for providing the protections afforded to their customers;
- 6.1.20 warrant that the information contained in your Application Form is true and accurate; and
- 6.1.21 agree that if you request that Shares are issued to you on a date other than Admission and such Shares are not issued on such date that the Company and its agents and Directors will have no liability to you arising from the issue of such Shares on a different date.

7. MONEY LAUNDERING

- 7.1 You agree that, in order to ensure compliance with the UK Money Laundering Regulations 2007 (where applicable) and the Guernsey AML Requirements, the Receiving Agent or the Fund Administrator may respectively at their absolute discretion require verification of identity from any person lodging an Application Form.
- 7.2 The Receiving Agent may undertake electronic searches for the purposes of verifying your identity. To do so the Receiving Agent may verify the details against your identity, but may also request further proof of your identity. The Receiving Agent reserves the right to withhold any entitlement (including any refund cheque) until such verification of identity is completed to its satisfaction.
- 7.3 Payments being made by cheque or banker's draft must be made in Sterling drawn on a United Kingdom branch of a bank or building society. Cheques, which must be drawn on your personal account where you have sole or joint title to the funds, should be made payable to "Computershare Investor Services PLC re: Hipgnosis Songs Fund Limited – Offer for Subscription A/C". Third party cheques may not be accepted with the exception of building society cheques or bankers' drafts where the building society or bank has inserted the full name of the account holder and have added the building society or bank branch stamp by stamping or endorsing the cheque/banker's draft by following the instructions in paragraph 7.7 below.
- 7.4 The name on the bank account must be the same as that shown on the Application Form.
- 7.5 Where you appear to the Receiving Agent to be acting on behalf of some other person, certifications of identity of any persons on whose behalf you appear to be acting may be required.
- 7.6 Failure to provide the necessary evidence of identity may result in application(s) being rejected or in delays in the despatch of documents.
- 7.7 In all circumstances, verification of the identity of applicants will be required. If you use a building society cheque, banker's draft or money order, you should ensure that the bank or building society enters the name, address and account number of the person whose account is being debited on the reverse of the cheque, banker's draft or money order and adds its stamp.
- 7.8 You should endeavour to have the certificate contained in Section 5 of the Application Form signed by an appropriate firm as described in that section. If you cannot provide the certificate, you must provide with the Application Form the identity documents detailed in section 6 of the Application Form.

8. OVERSEAS PERSONS

The attention of potential investors who are not resident in, or who are not citizens of, the United Kingdom is drawn to this paragraph 8:

- 8.1 The offer of Shares under the Offer to persons who are resident in, or citizens of, countries other than the United Kingdom ("**Overseas Persons**") may be affected by the law of the relevant jurisdictions. Such persons should consult their professional advisers as to whether they require any government or other consents or need to observe any applicable legal requirements to enable them to subscribe for Shares under the Offer. It is the responsibility of all Overseas Persons receiving this Prospectus and/or wishing to subscribe to the Shares under the Offer, to satisfy themselves as to full observance of the laws of any relevant territory or jurisdiction in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities required to be observed and paying any issue, transfer or other taxes due in such territory.
- 8.2 No person receiving a copy of this Prospectus in any territory other than the United Kingdom may treat the same as constituting an offer or invitation to him, unless in the relevant territory such an offer can lawfully be made to him without compliance with any further registration or other legal requirements.

- 8.3 Unless otherwise expressly agreed with the Company, persons (including, without limitation, custodians, nominees and trustees) receiving this Prospectus should not distribute or send it to U.S. Persons or in or into the United States, Australia, Canada, Japan or South Africa, their respective territories or possessions or any other jurisdiction, or to any other person, where to do so would or might contravene local securities laws or regulations.
- 8.4 The Company reserves the right to treat as invalid any agreement to subscribe for Shares pursuant to the Offer if it appears to the Company or its agents to have been entered into in a manner that may involve a breach of the securities legislation of any jurisdiction.

9. MISCELLANEOUS

- 9.1 The rights and remedies of the Company, the Receiving Agent and Cenkos under these Terms and Conditions of the Offer for Subscription are in addition to any rights and remedies which would otherwise be available to any of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 9.2 The Company reserves the right to shorten or extend the closing time and/or date of the Offer from 11.00 a.m. (London time) on 5 July 2017 (provided that if the closing time is extended this Prospectus remains valid at the closing time as extended) by giving notice to the London Stock Exchange. The Company will notify investors via a RIS and any other manner, having regard to the requirements of the London Stock Exchange.
- 9.3 The Company may terminate the Offer, in its absolute discretion, at any time prior to Admission. If such right is exercised, the Offer will lapse and any monies will be returned to you as indicated at your own risk and without interest.
- 9.4 The dates and times referred to in these Terms and Conditions of the Offer for Subscription may be altered by the Company, including but not limited to so as to be consistent with the Placing Agreement (as the same may be altered from time to time in accordance with its terms).
- 9.5 Save where the context requires otherwise, terms used in these Terms and Conditions of the Offer for Subscription bear the same meaning as used elsewhere in this Prospectus.

PART X: TERMS AND CONDITIONS OF THE PLACING

1. INTRODUCTION

Each investor which confirms its agreement to Cenkos to subscribe for Shares under the Placing (for the purposes of this Part X (*Terms and Conditions of the Placing*) of this Prospectus, a “Placee”) will be bound by these terms and conditions and will be deemed to have accepted them.

Each of the Company and Cenkos, as applicable, may require a Placee to agree to such further terms and/or conditions and/or give such additional warranties and/or representations as it (in its absolute discretion) sees fit.

2. AGREEMENT TO SUBSCRIBE FOR SHARES

Conditional on: (i) Admission becoming effective by not later than 8.00 a.m. (London time) on 10 July 2017 (or such later time and/or date, not being later than 8.00 a.m. on 31 August 2017, as the Company, the Investment Adviser and Cenkos may agree); (ii) the Placing Agreement becoming otherwise unconditional in all respects, and not being terminated in accordance with its terms before Admission becomes effective; (iii) the minimum Gross Issue Proceeds of £100 million being raised pursuant to the Issue; and (iv) Cenkos confirming to the Placees their allocation of Shares, a Placee agrees with Cenkos, for itself and as agent of the Company, to become a member of the Company and agrees to subscribe for those Shares allocated to it by Cenkos at the Issue Price. To the fullest extent permitted by law, each Placee acknowledges and agrees that it will not be entitled to exercise any remedy of rescission at any time. This does not affect any other rights the Placee may have.

3. PAYMENT FOR SHARES

- 3.1 Each Placee must pay the Issue Price for the Shares issued to the Placee in the manner and by the time directed by Cenkos. If any Placee fails to pay as so directed and/or by the time required, the relevant Placee’s application for Shares may, at the discretion of Cenkos, either be rejected or accepted and in the latter case paragraph 3.2 of this Part X (*Terms and Conditions of the Placing*) shall apply.
- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the Issue Price for the Shares allocated to it in accordance with paragraph 3.1 of this Part X (*Terms and Conditions of the Placing*) and Cenkos elects to accept that Placee’s application, Cenkos may sell all or any of the Shares allocated to the Placee on such Placee’s behalf and retain from the proceeds, for Cenkos’s own account and profit, an amount equal to the aggregate amount owed by the Placee plus any interest due. The Placee will, however, remain liable for any shortfall below the aggregate amount owed by such Placee and it may be required to bear any tax or other charges (together with any penalties) which may arise upon the sale of such Shares on such Placee’s behalf.

4. REPRESENTATIONS AND WARRANTIES

By agreeing to subscribe for Shares, each Placee which enters into a commitment to subscribe for Shares will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to represent and warrant to each of the Company, the Investment Adviser, Cenkos and the Registrar that:

- (a) it is relying solely on this document and any supplementary prospectus issued by the Company prior to the date of Admission and not on any other information given, or representation or statement made at any time, by any person concerning the Company, the Shares or the Placing. It agrees that none of the Company, the Investment Adviser, Cenkos or the Registrar, nor any of their respective officers, agents or employees, will have any liability for any other information or representation. It irrevocably and unconditionally waives any rights it may have in respect of any other information or representation;
- (b) if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under the Placing, it warrants that it has complied with all such laws, obtained all governmental and other consents which may be required, complied with all requisite formalities and paid any issue, transfer or other taxes due in connection with its application in any territory and that it has not

taken any action or omitted to take any action which will result in the Company, the Investment Adviser, Cenkos or the Registrar or any of their respective officers, agents or employees acting in breach of the regulatory or legal requirements, directly or indirectly, of any territory or jurisdiction outside the United Kingdom in connection with the Placing;

- (c) it has carefully read and understands this document in its entirety and acknowledges that it is acquiring Shares on the terms and subject to the conditions set out in this Part X (*Terms and Conditions of the Placing*) of this Prospectus and the Articles as in force at the date of Admission;
- (d) it has not relied on Cenkos or any person affiliated with Cenkos in connection with any investigation of the accuracy of any information contained in this document or any supplementary prospectus issued by the Company prior to Admission;
- (e) the contents of this document and any supplementary prospectus issued by the Company prior to Admission are the responsibility of the Company and its Directors (and in respect of certain sections of this document, the Investment Adviser) and neither Cenkos nor any person acting on its behalf nor any of its or their respective affiliates are responsible for or shall have any liability for any information, representation or statement contained in this document, any such supplementary prospectus or any information published by or on behalf of the Company and will not be liable for any decision by a Placee to participate in the Placing based on any information, representation or statement contained in this document, such supplementary prospectus or otherwise;
- (f) it acknowledges that no person is authorised in connection with the Placing to give any information or make any representation other than as contained in this document and any supplementary prospectus issued by the Company prior to Admission and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Adviser or Cenkos;
- (g) it is not applying as, nor is it applying as nominee or agent for, a person who is or may be liable to notify and account for tax under the Stamp Duty Reserve Tax Regulations 1986 at any of the increased rates referred to in section 67, 70, 93 or 96 of the Finance Act 1986 (depository receipts and clearance services);
- (h) it accepts that none of the Shares have been or will be registered under the laws of the United States, Australia, Canada, Japan or South Africa. Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any of the United States, Australia, Canada, Japan or South Africa unless an exemption from any registration requirement is available;
- (i) if it is within the United Kingdom, it is: (i) a person who falls within Articles 49(2)(a) to (d) or 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 or it is a person to whom the Shares may otherwise lawfully be offered under such Order or, if it is receiving the offer in circumstances under which the laws or regulations of a jurisdiction other than the United Kingdom would apply, it is a person to whom the Shares may be lawfully offered under that other jurisdiction's laws and regulations; or (ii) a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the FCA's Conduct of Business Sourcebook;
- (j) if it is a resident in the EEA (other than the United Kingdom), (a) it is a qualified investor within the meaning of the law in the relevant EEA Member State implementing Article 2(1)(e)(i), (ii) or (iii) of the Prospectus Directive and (b) if that relevant EEA Member State has implemented the AIFMD, that it is a person to whom the Shares may lawfully be marketed under the AIFMD or under the applicable implementing legislation (if any) of that relevant EEA Member State;
- (k) in the case of any Shares acquired by a Placee as a financial intermediary within an EEA Member State (other than the United Kingdom) as that term is used in Article 3(2) of the Prospectus Directive: (i) the Shares acquired by it in the Placing have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any relevant EEA Member State other than

qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of Cenkos has been given to the offer or resale; or (ii) where Shares have been acquired by it on behalf of persons in any relevant EEA Member State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Directive as having been made to such persons;

- (l) if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Placing constitutes an invitation, offer or promotion to, or arrangement with, it or any person whom it is procuring to subscribe for Shares pursuant to the Placing unless, in the relevant territory, such offer, invitation or other course of conduct could lawfully be made to it or such person and such documents or materials could lawfully be provided to it or such person and Shares could lawfully be distributed to and subscribed and held by it or such person without compliance with any unfulfilled approval, registration or other regulatory or legal requirements;
- (m) it does not have a registered address in, and is not a citizen, resident or national of, any jurisdiction in which it is unlawful to make or accept an offer of the Shares and it is not acting on a non-discretionary basis for any such person;
- (n) if the Placee is a natural person, such Placee is not under the age of majority (18 years of age in the United Kingdom) on the date of such Placee's agreement to subscribe for Shares under the Placing and will not be any such person on the date any such agreement to subscribe under the Placing is accepted;
- (o) it has complied and will comply with all applicable provisions of the Criminal Justice Act 1993 and the Market Abuse Regulation (EU) No. 596/2014 with respect to anything done by it in relation to the Placing and/or the Shares;
- (p) it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other offering materials concerning the Placing or the Shares to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- (q) it makes the representations, warranties, undertakings, agreements and acknowledgements set out in this Prospectus, including those set out in the section entitled "Representations, Warranties and Undertakings" in Part VI (*Issue Arrangements*) of this Prospectus;
- (r) it warrants that it is entitled to acquire the Shares under the applicable laws of all relevant jurisdictions, it has fully observed all such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities and it has paid or will pay all issue, transfer or other taxes due in connection with its acceptance in any jurisdiction of the Shares and that it has not taken any action, or omitted to take any action, which may result in the Company, the Investment Adviser or Cenkos, or their respective directors, officers, agents, employees and advisers, being in breach of the laws of any jurisdiction in connection with the Issue or its acceptance of participation in the Issue;
- (s) it has received, carefully read and understood this Prospectus and, unless otherwise expressly agreed with the Company, it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this Prospectus or any other offering materials or publicity relating to the Shares into or within Australia, Canada, Japan or South Africa, nor will it do any of the foregoing;
- (t) it acknowledges that neither Cenkos nor any of its affiliates, nor any person acting on its behalf is making any recommendations to it or advising it regarding the suitability of any transactions it may enter into in connection with the Placing or providing any advice in relation to the Placing and its participation in the Placing is on the basis that it is not and will not be a client of Cenkos and that Cenkos does have any duties or responsibilities to it for providing the protections afforded to its clients or for providing advice in relation to the Placing nor in respect of any representations, warranties, undertakings, agreements, acknowledgements or indemnities otherwise required to be given by it in connection with its application under the Placing;

- (u) that, save in the event of fraud on the part of the Cenkos, neither Cenkos, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of its directors, members partners, officers and employees, shall be responsible or liable to a Placee or any of its clients for any matter arising out of Cenkos's role as placing agent, financial adviser, sponsor or otherwise in connection with the Placing and that where any such responsibility or liability nevertheless arises as a matter of law the Placee and, if relevant, its clients will immediately waive any claim against any of such persons which the Placee or any of its clients may have in respect thereof;
- (v) it acknowledges that where it is subscribing for Shares for one or more managed, discretionary or advisory accounts, it is authorised in writing for each such account; (i) to subscribe for the Shares for each such account; (ii) to make on each such account's behalf the representations, warranties, undertakings, acknowledgements and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Placing in the form provided by the Company and/or Cenkos. It agrees that the provisions of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- (w) it irrevocably appoints any director of the Company and any director of Cenkos to be its agent and on its behalf (without any obligation or duty to do so), to sign, execute and deliver any documents and do all acts, matters and things as may be necessary for, or incidental to, its subscription for all or any of the Shares for which it has given a commitment under the Placing, in the event of its own failure to do so;
- (x) it accepts that if the Placing does not proceed or the conditions to the Placing Agreement are not satisfied or the Shares for which valid applications are received and accepted are not admitted to trading on the Premium Segment for any reason whatsoever then none of Cenkos, the Company, or the Investment Adviser nor persons controlling, controlled by or under common control with any of them nor any of their respective employees, agents, officers, members, stockholders, partners or representatives, shall have any liability whatsoever to it or any other person;
- (y) in connection with its participation in the Placing, it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering ("**Money Laundering Legislation**") and that its application is only made on the basis that it accepts full responsibility for any requirement to verify the identity of its clients and other persons in respect of whom it has applied. In addition, it warrants that it is a person: (i) subject to the Money Laundering Regulations 2007 in force in the United Kingdom; (ii) subject to the Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing) (the "**Money Laundering Directive**"); (iii) subject to the Guernsey AML Requirements; or (iv) acting in the course of a business in relation to which an overseas regulatory authority exercises regulatory functions and is based or incorporated in, or formed under the law of, a country in which there are in force provisions at least equivalent to those required by the Money Laundering Directive;
- (z) it acknowledges that, due to anti-money laundering requirements, Cenkos and the Company may require proof of identity and verification of the source of the payment before the application can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Cenkos and the Company may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Cenkos and the Company against any liability, loss or cost ensuing due to the failure to process such application, if such information as has been required has not been provided by it;
- (aa) it acknowledges that any person in Guernsey involved in the business of the Company who has a suspicion or belief that any other person (including the Company or any person subscribing for Shares) is involved in money laundering activities, is under an obligation to report such suspicion to the Financial Intelligence Service pursuant to the Terrorism and Crime (Bailiwick of Guernsey) Law, 2002 (as amended);

- (bb) it acknowledges and agrees that information provided by it to the Company, Registrar or Fund Administrator will be stored on the Registrar's and the Fund Administrator's computer system and manually. It acknowledges and agrees that for the purposes of the DP Law and other relevant data protection legislation which may be applicable, the Registrar and the Fund Administrator are required to specify the purposes for which they will hold personal data. The Registrar and the Fund Administrator will only use such information for the purposes set out below (collectively, the "**Purposes**"), being to:
- (i) process its personal data (including sensitive personal data) as required by or in connection with its holding of Shares, including processing personal data in connection with credit and money laundering checks on it;
 - (ii) communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
 - (iii) provide personal data to such third parties as the Fund Administrator or Registrar may consider necessary in connection with its affairs and generally in connection with its holding of Shares or as the DP Law may require, including to third parties outside the Bailiwick of Guernsey or the European Economic Area;
 - (iv) without limitation, provide such personal data to the Company, Cenkos or the Investment Adviser and their respective Associates for processing, notwithstanding that any such party may be outside the Bailiwick of Guernsey or the European Economic Area; and
 - (v) process its personal data for the Fund Administrator's internal administration;
- (cc) in providing the Registrar and the Fund Administrator with information, it hereby represents and warrants to the Registrar and the Fund Administrator that it has obtained the consent of any data subject to the Registrar and the Fund Administrator and their respective associates holding and using their personal data for the Purposes (including the explicit consent of the data subjects for the processing of any sensitive personal data for the Purposes set out in paragraph (bb) above). For the purposes of this document, "data subject", "personal data" and "sensitive personal data" shall have the meanings attributed to them in the DP Law;
- (dd) Cenkos and the Company are entitled to exercise any of their rights under the Placing Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- (ee) the representations, warranties and undertakings contained in this document are irrevocable. It acknowledges that Cenkos, the Company, the Investment Adviser and the Registrar and their respective affiliates will rely upon the truth and accuracy of the foregoing representations, warranties and undertakings and it agrees that if any of the representations, warranties or undertakings made or deemed to have been made by its subscription of the Shares are no longer accurate, it shall promptly notify Cenkos and the Company;
- (ff) where it or any person acting on behalf of it is dealing with Cenkos, any money held in an account with Cenkos on behalf of it and/or any person acting on behalf of it will not be treated as client money within the meaning of the relevant rules and regulations of the FCA which therefore will not require Cenkos to segregate such money, as that money will be held by Cenkos under a banking relationship and not as trustee;
- (gg) any of its clients, whether or not identified to Cenkos, will remain its sole responsibility and will not become clients of Cenkos for the purposes of the rules of the FCA or for the purposes of any other statutory or regulatory provision;
- (hh) it accepts that the allocation of Shares shall be determined by Cenkos (following consultation with the Company and the Investment Adviser) at its absolute discretion and that Cenkos may scale down any commitments for this purpose on such basis as it may determine;

- (ii) it authorises Cenkos to deduct from the total amount subscribed under the Placing the aggregate commission (if any) (calculated at the rate agreed with the Company) payable on the number of Shares allocated to it under the Placing;
- (jj) time shall be of the essence as regards its obligations to settle payment for the Shares and to comply with its other obligations under the Placing; and
- (kk) if it is in the Bailiwick of Guernsey, it is a person licensed under any of the Protection of Investors (Bailiwick of Guernsey) Law, 1987 (as amended), the Insurance Business (Bailiwick of Guernsey) Law, 2002 (as amended), the Banking Supervision (Bailiwick of Guernsey) Law, 1994 (as amended), or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 (as amended).

5. UNITED STATES PURCHASE AND TRANSFER RESTRICTIONS

- 5.1 By participating in the Placing, each Placee acknowledges and agrees that it will (for itself and any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be further deemed to give the representations, warranties, undertakings, acknowledgments or agreements contained in the section entitled “*Representations, Warranties and Undertakings*” of Part VI (*Issue Arrangements*) of this Prospectus to each of the Company, the Investment Adviser, Cenkos and the Registrar.
- 5.2 The Company, the Investment Adviser, Cenkos, the Registrar and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the representations, warranties, undertakings, acknowledgments and agreements contained in paragraph entitled “*Representations, Warranties and Undertakings*” of Part VI (*Issue Arrangements*) of this Prospectus.
- 5.3 If any of the representations, warranties, undertakings, acknowledgments or agreements contained in paragraph entitled “*Representations, Warranties and Undertakings*” of Part VI (*Issue Arrangements*) of this Prospectus made by the Placee are no longer accurate or have not been complied with, the Placee will immediately notify the Company and Cenkos.

6. SUPPLY AND DISCLOSURE OF INFORMATION

If Cenkos or the Company or any of their agents request any information about a Placee’s agreement to subscribe for Shares under the Placing, such Placee must promptly disclose it to them.

7. MISCELLANEOUS

- 7.1 The rights and remedies of the Company, the Investment Adviser, Cenkos and the Registrar under these terms and conditions are in addition to any rights and remedies which would otherwise be available to each of them and the exercise or partial exercise of one will not prevent the exercise of others.
- 7.2 On application, if a Placee is a discretionary fund manager, that Placee may be asked to disclose in writing or orally the jurisdiction in which its funds are managed or owned. All documents provided in connection with the Placing will be sent at the Placee’s risk. They may be returned by post to such Placee at the address notified by such Placee.
- 7.3 Each Placee agrees to be bound by the Articles once the Shares which the Placee has agreed to subscribe for pursuant to the Placing have been acquired by the Placee. The contract to subscribe for Shares under the Placing and the appointments and authorities mentioned in this document and all disputes and claims arising out of or in connection with its subject matter or formation (including non-contractual disputes or claims) will be governed by, and construed in accordance with, the laws of England and Wales. For the exclusive benefit of the Company, the Investment Adviser, Cenkos and the Registrar, each Placee irrevocably submits to the jurisdiction of the courts of England and Wales and waives any objection to proceedings in any such court on the ground of venue or on the ground that proceedings have been brought in an inconvenient forum. This does not prevent an action being taken against the Placee in any other jurisdiction.
- 7.4 In the case of a joint agreement to subscribe for Shares under the Placing, references to a “Placee” in these terms and conditions are to each of the Placees who are a party to that joint agreement and their liability is joint and several.

7.5 Cenkos and the Company expressly reserve the right to modify the Placing (including, without limitation, the timetable and settlement) at any time before allocations are determined. The Placing is subject to the satisfaction of the conditions contained in the Placing Agreement and the Placing Agreement not having been terminated. Further details of the terms of the Placing Agreement are contained at paragraph 5.1 of Part VIII (*Additional Information*) of this Prospectus.

GLOSSARY OF TERMS

Set out below is an explanation of some of the industry terms which are used in this Prospectus:

“census basis”	a census distribution involves data collection, processing and payment for every single performance, often referred to as pay-per-play, within the licence period
“DSPs”	digital service providers
“evergreen”	Songs which have demonstrated returns in recent years despite being written or first recorded several years ago and which, in the Investment Adviser’s opinion, will continue to perform well in the years to come
“MCPS”	the Mechanical-Copyright Protection Society, the mechanical copyright arm of PRS for Music
“mechanical royalty”	the royalties due every time a copy of a song is made inclusive of streaming, downloading, compact discs, vinyl and other consumer delivery mechanisms
“performance royalty”	the royalties due when a song is performed live or is broadcast on TV or radio, including streaming royalties, or played in public places such as shops, restaurants, clubs and bars
“portfolio administrator”	a service provider, such as Kobalt, who will administer the payment of royalties due to a songwriter or recording artist in respect of a Song, either directly from the end user or from royalty collection agents
“PRO”	a performing rights organisation, such as PRS or BMI, which represents and collects performance royalties for and on behalf of each of its members
“PRS”	the Performing Right Society Limited, the performance rights arm of PRS for Music
“PRS for Music”	PRS for Music Limited, a UK PRO
“publisher”	a music publisher or publishing company
“publisher’s share”	as described in paragraph 1.3 of Part III (<i>Market Background and Investment Strategy and Approach</i>) of this Prospectus
“pure-play”	a company focussed on a single business, product or industry
“recording artist”	a person who composes, produces, records, performs or releases music, either independently or through a record label (as the context requires)
“royalty”	a mechanical royalty or a performance royalty
“royalty collection agent”	organisations within the music industry that collect mechanical royalties and performance royalties owed to recording artists, songwriters and publishers
“sample basis”	the collection of a representative sample of actual performances as the basis to distribute total revenues for each category designated for such purposes
“songwriter”	the writer, or co-writer, or producer of words and/or music of a Song
“streaming”	technology used to deliver audio and video and associated content to computers and mobile devices over the internet on a subscription rather than ownership basis
“synch”	the use of Songs with moving pictures in a TV show, advertisement, film, video game or other applications
“synchronisation”	licensing a Song to a customer for use in a synch

“synchronisation fee”

the payment associated with a synch which is negotiated on a case by case basis

“writer’s share”

as described in paragraph 1.3 of Part III (*Market Background and Investment Strategy and Approach*) of this Prospectus

DEFINITIONS

The following definitions apply in this Prospectus unless the context otherwise requires:

“2010 PD Amending Directive”	Directive 2010/73/EU of the European Parliament and of the Council of 24 November 2010 amending Directives 2003/71/EC on the prospectus to be published when securities are offered to the public or admitted to trading and 2004/109/EC on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market
“Accounting Date”	31 March 2018 and 31 March in each year thereafter or such other date as the Company may determine or, in the case of the final Accounting Period, the date when the winding-up of the Fund Entities is completed
“Accounting Period”	a period ending on and including an Accounting Date and beginning (in the case of the first Accounting Period) on Admission or (in the case of any other Accounting Period) on the day following the last day of the preceding Accounting Period
“Acquisition Notice”	has the meaning given in paragraph 6.3 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Administration Agreements”	has the meaning given in paragraph 5.4 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Admission”	admission of the Shares to: (i) trading on the Premium Segment becoming effective in accordance with the LSE Admission Standards; and (ii) admission of the Shares to listing on the premium equity closed-ended investment funds category of the Official List becoming effective in accordance with the Listing Rules
“Advisory Board”	individuals acting as advisers to the Investment Adviser as listed in Part IV (<i>Investment Adviser</i>)
“Advisory Fee”	the fee payable to the Investment Adviser, paid in cash, as defined in paragraph 1.1 in Part V (<i>Directors and Administration</i>) of this Prospectus
“Affiliate”	an affiliate of, or person affiliated with, a specified person including a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person specified
“AGM”	an annual general meeting
“AIC”	the Association of Investment Companies
“AIC Code”	the AIC’s Code of Corporate Governance (Guernsey edition), as amended from time to time
“AIF”	an alternative investment fund, within the meaning of the AIFM Directive
“AIFM”	an alternative investment fund manager, within the meaning of the AIFM Directive
“AIFM Directive”	Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010, and the Commission Delegated Regulation (EU) No 231/2013 of 19 December 2012 supplementing Directive 2011/61/EU of the European Parliament and of the Council with regard to exemptions, general operating conditions, depositaries, leverage, transparency and supervision

“Applicable Requirements”	all applicable law (whether in the form of statute or decision of a court or administrative tribunal) and regulation, and if applicable, the prevailing rules, regulations, determinations, guidelines or instructions of any governmental, stock exchange or regulatory authority in any jurisdiction to which the Investment Adviser and any of its Affiliates, or the Fund Entities and any of their Affiliates (as the context may require) is subject, as amended from time to time
“Application Form”	the application form for the Offer set out as Appendix II to this Prospectus
“Articles”	the articles of incorporation of the Company, as amended from time to time
“Audit and Risk Management Committee”	the committee of this name established by the Board and having the duties described in the section entitled “Audit and Risk Management Committee” in Part V (<i>Directors and Administration</i>) of this Prospectus
“Auditors”	PricewaterhouseCoopers CI LLP and/or such other person or persons from time to time appointed as its auditors by the Company
“Average Market Capitalisation”	<p>in relation to each month where the Advisory Fee is payable, “A” multiplied by “B”, where:</p> <p>“A” is the average of the middle market quotations of the Shares for the five day period ending on the last Business Day of that month (adjusted as appropriate to exclude any dividend where the Shares are quoted ex such dividend at any time during that five day period); and</p> <p>“B” is weighted average of the number of Shares in issue (excluding any Shares held in treasury) at the end of each day during that month;</p>
“Average Trading Price”	the average of the middle market quotations of the Shares (as adjusted to exclude any dividend which is included in such quotations if the Shares delivered are ex that dividend) for the five day period ending on the Business Day immediately preceding the Payment Due Date
“Berne Convention”	the Berne Convention for the Protection of Literary and Artistic Works 1886, as amended
“Business Day”	a day on which the London Stock Exchange and banks in Guernsey generally are open for the transaction of normal business
“C Share”	an ordinary share of no par value in the capital of the Company issued as a “C Share” of such class (denominated in such currency) as the Directors may determine in accordance with the Articles, and having such rights and being subject to such restrictions as are contained in the Articles and which will convert into Shares in accordance with the terms of the Articles
“Calculation Time”	has the meaning given in paragraph 4.23.1 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Call Option”	has the meaning given in paragraph 5.2.9 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Catalogue”	one or more Songs acquired from a single songwriter or recording artist
“Cenkos”	Cenkos Securities plc acting as Sponsor, Bookrunner and Financial Adviser

“certificated” or “in certificated form”	not in uncertificated form
“CFTC”	the United States Commodity Futures Trading Commission
“Chairman”	the chairman of the Board of the Company
“Closing Market Capitalisation”	in relation to each Accounting Period, “C” multiplied by “D”, where: “C” is the Performance Share Price; and “D” is the weighted average of the number of Shares in issue (excluding any shares held in treasury) at the end of each day during the Accounting Period
“Commodity Exchange Act”	the United States Commodity Exchange Act or any substantially equivalent successor legislation
“Common Reporting Standard” or “CRS”	the global standard for the automatic exchange of financial information between tax authorities developed by the Organisation for Economic Co-operation and Development
“Companies Law”	the Companies (Guernsey) Law, 2008, as amended
“Company”	Hipgnosis Songs Fund Limited, an investment company incorporated in Guernsey under the Companies Law on 31 May 2017 with registered number 63613
“Continuation Resolution”	an ordinary resolution that the Company continues its business as a closed-ended investment company
“Conversion”	in relation to any class of C Shares, the conversion of that class of C Shares into New Shares of the relevant class in accordance with the Articles
“Conversion Ratio”	has the meaning given in paragraph 4.23.1 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Conversion Time”	has the meaning given in paragraph 4.23.1 of Part VIII (<i>Additional Information</i>) of this Prospectus
“CREST”	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the CREST Regulations, in accordance with which Shares may be held in uncertificated form
“CREST Guernsey Requirements”	Rule 8 and such other rules and requirements of Euroclear as may be applicable to issuers as from time to time specified in the CREST Manual
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI No. 2001/3755) and the CREST Guernsey Requirements, as amended from time to time
“CREST Rules”	rules within the meaning of the relevant CREST Regulations and/or the Financial Services and Markets Act 2000 made by Euroclear as operator of a designated system under or pursuant to Directive 98/26/EC on settlement finality in payment and securities settlement systems
“CREST UK System”	the facilities and procedures for the time being of the relevant system of which Euroclear has been approved as operator pursuant to the Regulations
“Default Shares”	has the meaning given in paragraph 4.7.4 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Direction Notice”	has the meaning given in paragraph 4.7.4 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Directors” or “Board”	the board of directors of the Company, as constituted from time to time

“Disclosure Notice”	has the meaning given in paragraph 4.7 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Disclosure Provisions”	certain disclosure, reporting and transparency obligations of the AIFM Directive which apply to self-managed AIFs established outside the EEA, such as the Company
“Disposal”	has the meaning given in paragraph 1.5 of Part V (<i>Directors and Administration</i>) of this Prospectus
“DP Law”	the Data Protection (Bailiwick of Guernsey) Law 2001, as amended
“DTR 5”	Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time)
“DVP”	delivery versus payment
“EEA”	the European Economic Area
“Effective Date of Acquisition”	the point at which the Company will step into the place of the seller and the date from which the Company will be entitled to receive royalties from each Song
“Eligible Transferee”	has the meaning given in paragraph 4.10.8 of Part VIII (<i>Additional Information</i>) of this Prospectus
“equity securities”	shares or a right to subscribe for or convert securities into shares
“ERISA”	the U.S. Employee Retirement Income Security Act of 1974, as amended from time to time, and the applicable regulations thereunder
“EU Savings Tax Directive”	the EU Savings Tax Directive (2003/48/EC)
“EU”	the European Union
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Excess Total Return”	in relation to each Accounting Period, the amount by which the Closing Market Capitalisation exceeds “E” multiplied by “F”, where: “E” is the higher of: (i) the Performance Hurdle and (ii) High Watermark; and “F” is the weighted average of the number of Shares in issue (excluding any Shares held in treasury) at the end of each day during that Accounting Period;
“Exempt Ordinance”	the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989, as amended
“FATCA”	sections 1471 to 1474 of the U.S. Tax Code, known as the U.S. Foreign Account Tax Compliance Act of 2010 (together with any regulations, rules and other guidance implementing such U.S. Tax Code sections and any applicable intergovernmental agreement or information exchange agreement and related statutes, regulations, rules and other guidance thereunder)
“FFI”	foreign financial institution
“Financial Conduct Authority” or “FCA”	the UK Financial Conduct Authority
“Force Majeure Circumstances”	in relation to any class of C Shares as a class: (i) any political and/or economic circumstances and/or actual or anticipated changes in fiscal or other legislation which, in the reasonable opinion of the Directors, renders Conversion necessary or desirable; (ii) the issue of any proceedings challenging, or seeking to challenge, the power of the Company and/or its Directors to issue the C Shares of the relevant class with the rights proposed to be attached to them and/or to the persons to whom they are, and/or the terms

upon which they are, proposed to be issued; or (iii) the giving of notice of any general meeting of the Company at which a resolution is to be proposed to wind up the Company, whichever shall happen earliest

“FSMA”	the UK Financial Services and Markets Act 2000, as amended
“Fund Administration Agreement”	the administration agreement between the Company, Guernsey SubCo and the Fund Administrator, a summary of which is set out in paragraph 5.4 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Fund Administrator”	Heritage International Fund Managers Limited, and/or such other person or persons from time to time appointed as its fund administrator and company secretary by the Company
“Fund Entities”	the Company, UK SubCo and Guernsey SubCo
“General Offer”	a general offer for the issued share capital of the Company made in accordance with the Takeover Code
“GFSC Code”	the GFSC’s Finance Sector Code of Corporate Governance, as amended from time to time
“GFSC”	the Guernsey Financial Services Commission
“Gross Assets”	the total value of the assets of the Company as 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 such as Songs, as determined by the Directors and the Company’s independent valuer from time to time
“Gross Issue Proceeds”	the aggregate value of the Shares issued under the Issue at the Issue Price
“Gross Total Proceeds”	the sum of the Gross Issue Proceeds and any additional capital proceeds raised between Admission and 30 June 2019 through subsequent issue of Shares or C Shares
“Group”	the Company and its subsidiaries (as defined in section 531 of the Companies Law)
“Guernsey AML Requirements”	the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999 (as amended), ordinances, rules and regulations made thereunder, and the GFSC’s Handbook for Financial Services Businesses on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time)
“Guernsey SubCo”	Hipgnosis Songs Fund Guernsey Limited, a wholly-owned subsidiary of the Company incorporated in Guernsey with registered number 63623
“Hipgnosis Music”	Hipgnosis Music Limited incorporated in England and Wales on 16 June 2015 with company number 9642326
“High Watermark”	the Performance Share Price in respect of the last Accounting Period in respect of which a Performance Fee was payable by the Company
“HMRC”	HM Revenue and Customs
“IFRS NAV” or “IFRS Net Asset Value”	the net asset value of the Company calculated in accordance with IFRS, as described in more detail in paragraph 7 of Part II (<i>Information on the Company</i>) of this Prospectus
“IFRS”	International Financial Reporting Standards
“Initial Period”	the fifth anniversary of Admission, as defined in paragraph 5.2.2 in Part V (<i>Directors and Administration</i>) of this Prospectus

“Initial Target Dividend”	has the meaning given in paragraph 4 of Part II (<i>Information on the Company</i>) of this Prospectus
“Intermediaries”	any intermediary (if any) that is appointed Cenkos in connection with the Placing
“Intermediaries Terms and Conditions”	the Intermediaries’ terms and conditions, which regulate, <i>inter alia</i> , the conduct of the Intermediaries in relation to the offering of Shares on market standard terms
“Investment Adviser”	Hipgnosis Songs Limited
“Investment Adviser’s Team”	any Affiliates of the Investment Adviser and any directors, officers, employees, partners or members of the Advisory Board of the Investment Adviser or its Affiliates from time to time
“Investment Advisory Agreement”	the investment advisory agreement between the Company, UK SubCo, Guernsey SubCo and the Investment Adviser, a summary of which is set out in paragraph 5.2 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Investment Policy”	the Company’s investment policy set out in Part II (<i>The Company</i>) of this Prospectus
“IPR”	intellectual property rights to be acquired
“IRS”	U.S. Internal Revenue Service
“ISA”	an individual savings account
“ISIN”	International Securities Identification Number
“Issue”	the Placing and the Offer
“Issue Price”	100 pence per Share
“Jersey COBO”	Control of Borrowing (Jersey) Order 1958
“Key Person”	Merck Mercuriadis, or such other person who the Board, acting reasonably, following consultation with the Investment Adviser, ratifies in writing to the Investment Adviser
“Key Person Event”	an event where a Key Person either: <ul style="list-style-type: none"> (A) ceases to be an officer, member, employee or director of the Investment Adviser; or (B) ceases to be actively engaged in the performance of the obligations of the Investment Adviser under the Investment Advisory Agreement; or (C) ceases to devote sufficient time to the affairs of the Investment Adviser and its Affiliates to ensure that the Investment Adviser can, in the opinion of the Board, acting reasonably, at all times perform its obligations under the Investment Advisory Agreement to the Service Standard
“Kobalt”	Kobalt Music Services Limited, the Company’s preferred portfolio administrator
“Kobalt Agreement”	has the meaning given in paragraph 5.3 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Listing Rules”	the listing rules made by the UK Listing Authority pursuant to Part VI of FSMA
“Lock-up Period”	has the meaning given in paragraph 1.5 of Part V (<i>Directors and Administration</i>) of this Prospectus
“London Stock Exchange” or “LSE”	London Stock Exchange plc
“Losses”	any loss, claim, costs, charges and expenses, liabilities or damages incurred by the Fund Entities

“LSE Admission Standards”	the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Main Market
“Main Market”	London Stock Exchange’s main market for listed securities
“Market Abuse Regulation” or “MAR”	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse and repealing the Directive of the European Parliament and of the Council of 28 January 2003 and Commission Directives 2003/124/EC, 2003/125/EC and 2004/72/EC
“Memorandum”	the memorandum of incorporation of the Company
“Money Laundering Directive”	Money Laundering Directive (2005/60/EC of the European Parliament and of the EC Council of 26 October 2005 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing)
“Money Laundering Legislation”	has the meaning given in paragraph 4(y) of Part X (<i>Terms and Conditions of the Placing</i>) of this Prospectus
“Net Asset Value” or “NAV”	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
“NAV Calculation Date”	31 March and 30 September in each year or such other date as the Directors may, in their discretion, determine
“Net Asset Value per Share” or “NAV per Share”	the Net Asset Value divided by the number of Shares in issue (excluding any Shares held in treasury) at the relevant time and expressed in Sterling
“Net Issue Proceeds”	the Gross Issue Proceeds less the fees, commissions and expenses of the Issue (which are capped, in aggregate, at 2 per cent. Of the Gross Issue Proceeds)
“New Shares”	the ordinary shares of the relevant class arising on conversion of any class of C Shares
“Nil Rate Amount”	a nil rate of income tax on the first £5,000 of dividend income in a tax year
“NMPI”	non-mainstream pooled investments
“Non-Qualified Holder”	any person: (i) whose ownership of shares may cause the Company’s assets to be deemed “plan assets” for the purpose of ERISA or purposes of the U.S. Tax Code; (ii) whose ownership of shares may cause the Company to be required to register as an “investment company” under the U.S. Investment Company Act (including because the holder of the shares is not a “qualified purchaser” as defined in the U.S. Investment Company Act); (iii) whose ownership of shares may cause the Company to register under the U.S. Exchange Act, the U.S. Securities Act or any similar legislation; (iv) whose ownership of shares may cause the Company not being considered a “foreign private issuer” as such term is defined in rule 3b—4(c) under the U.S. Exchange Act; (v) whose ownership of shares may result in the Company losing or forfeiting or not being able to claim the benefit of any exemption under the United States Commodity Exchange Act or any substantially equivalent successor legislation or the rules of the CFTC or the National Futures Association or analogous legislation or regulation becoming subject to any unduly onerous filing, reporting or registration requirement; or (vi) whose ownership of shares may cause the Company to be a

	“controlled foreign corporation” for the purposes of the U.S. Tax Code, or may cause the Company to suffer any pecuniary disadvantage (which will include any excise tax, penalties or liabilities under ERISA or the U.S. Tax Code including as a result of the Company’s failure to comply with FATCA as a result of a Non-Qualified Holder failing to provide information as requested by the Company in accordance with the Articles)
“NURS”	a non-UCITS retail scheme, which is an authorised fund which is neither a UCITS nor a qualified investor scheme
“Offer” or “Offer for Subscription”	the offer for subscription of Shares at the Issue Price pursuant to this Prospectus
“Official List”	the list maintained by the UK Listing Authority pursuant to Part VI of FSMA
“Operative Provisions”	detailed and prescriptive obligations on fund managers established in the EEA imposed by the AIFM Directive
“Option Notice”	has the meaning given in paragraph 5.2.9 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Option Period”	has the meaning given in paragraph 5.2.9 of Part VIII (<i>Additional Information</i>) of this Prospectus
“ordinary resolution”	a resolution of the Shareholders (or class thereof) of the Company passed as an ordinary resolution in accordance with the Companies Law: (i) at a meeting, by a simple majority of the votes of Shareholders entitled to vote and voting in person or by attorney or by proxy; or (ii) in writing, by a simple majority of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution
“Overseas Persons”	persons who are resident in, or citizens of, countries other than the United Kingdom
“Payment Due Date”	the date of invoice from the Investment Adviser in respect of the Performance Fee
“PDMR”	person discharging managerial responsibilities
“Performance Fee”	has the meaning given in paragraph 1.3 of the section entitled “Ongoing Annual Expenses” of Part V (<i>Directors and Administration</i>) of this Prospectus
“Performance Hurdle”	an increase in the Issue Price equal to 10 per cent. per annum (calculated from Admission and compounded annually) subject to adjustments from time to time to take into account any consolidation or sub-division of Shares or any other reconstruction, amalgamation or adjustment relating to the share capital of the Company (or any share, stock or security derived therefrom or convertible therein)
“Performance Share Amount”	the amount of Performance Shares payable to the Investment Adviser, in accordance with paragraphs 1.4.1 and 1.4.3 in Part V (<i>Directors and Administration</i>) of this Prospectus
“Performance Share Price”	in relation to each Accounting Period, the average of the middle market quotations of the Shares for the one month period ending on the last Business Day of that Accounting Period (which shall be adjusted as appropriate: (i) to include any dividend declared but not paid where the Shares are quoted ex such dividend at any time during that month; (ii) to exclude any dividend paid in respect of the Shares during that month; and (iii) for the PSP Adjustments)
“Performance Shares”	the Shares to be issued to the Investment Adviser (or to any person the Investment Adviser directs) by the Company or

	purchased in the secondary market, as defined in paragraph 1.4 in Part V (<i>Directors and Administration</i>) of this Prospectus
“Performance Target”	an increase in the NAV per Share (after adjustments to: (i) include the gross amount of any dividends and/or distributions paid in respect of a Share since Admission; (ii) not take into account any increment in the NAV per Share attributable to the issue of Shares at a premium to NAV per Share or any buyback of any Shares at a discount to NAV per Share; and (iii) make such adjustments to take account of C Shares as were agreed between the Company and the Investment Adviser at the time of issuance of such C Shares) equal to or above the Performance Hurdle
“Pipeline Catalogues”	has the meaning given in paragraph 3 of Part II (<i>The Company</i>) of this Prospectus
“Placee”	a person subscribing for Shares under the Placing
“Placing”	the conditional placing of Shares by Cenkos on behalf of the Company at the Issue Price as described in this Prospectus
“Placing Agreement”	the conditional agreement between the Company, the Investment Adviser and Cenkos, a summary of which is set out in paragraph 5.1 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Portfolio”	at any time, the portfolio of investments in which the assets of the Company are invested, comprising the entire collection of Songs acquired by the Company
“Premium Segment”	the premium segment of the Main Market
“Prospectus Directive”	Directive 2003/71/EC of the European Parliament and of the Council on the prospectus to be published when securities are offered to the public or admitted to trading and any relevant implementing measures in any Relevant Member State and the amendments thereto, in particular the 2010 PD Amending Directive
“Prospectus”	this document
“Prospectus Rules”	the prospectus rules made by the UK Listing Authority under section 73(A) of FSMA
“PSP Adjustments”	adjustments to the Performance Share Price to: (i) include the gross amount of any dividends and/or distributions paid in respect of a Share since Admission; and (ii) make such adjustments to take account of C Shares as were agreed between the Company and the Investment Adviser, acting reasonably and in good faith, at the time of issuance of such C Shares
“RCIS Rules”	the Registered Collective Investment Scheme Rules 2015, as amended, issued by the GFSC
“Receiving Agent”	Computershare Investor Services PLC or such other person or persons from time to time appointed by the Company
“Receiving Agent Agreement”	the agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 5.6 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Redemption Announcement”	the announcements to be made by the Company to shareholders in advance of any compulsory redemption
“Redemption Date”	the announcements to be made by the Company to shareholders in advance of any compulsory redemption
“Redemption Price”	the net asset value per share of each class of shares that will be redeemed on a particular Redemption Date (as at a Net Asset Value date selected by the Directors), less the costs associated

	with the relevant redemption and as adjusted as the Directors consider appropriate
“Redemption Record Date”	the close of business on the relevant Redemption Date or as otherwise set out in the Redemption Announcement
“Registrar”	Computershare Investor Services (Guernsey) Limited or such other person or persons from time to time appointed by the Company
“Registrar Agreement”	the agreement between the Company and the Registrar, a summary of which is set out in paragraph 5.5 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Regulation S”	Regulation S under the U.S. Securities Act
“Regulations”	The Uncertificated Securities (Enabling Provisions) Guernsey Law, 2005, The Uncertificated Securities (Guernsey) Regulations 2009 (as amended), The Uncertificated Securities Regulations 2001 (SI 2001 No 3755), as amended by the Uncertificated Securities (Amendment) (Eligible Debt Securities) Regulations 2003 (SI 2003 No. 1633), and such other regulations as are applicable to Euroclear and/or the CREST relevant system and are from time to time in force
“Relevant Member State”	each member state of the European Economic Area which has implemented the Prospectus Directive or where the Prospectus Directive is applied by the Regulator
“Relevant Percentage”	the percentage of each class of Shares to be redeemed by the Company on a given Redemption Date
“Relevant Shares”	has the meaning given in paragraph 4.10.8 of Part VIII (<i>Additional Information</i>) of this Prospectus
“RIS”	a regulatory information service
“Risk Factors”	the risk factors pertaining to the Company set out on pages 21 to 41 of this Prospectus
“Royalty”	has the meaning given in the “Glossary of Terms” section of this Prospectus
“Sanctuary”	The Sanctuary Group plc incorporated on 2 February 1934 with company number 284340
“SDRT”	UK Stamp Duty Reserve Tax
“SEC”	the U.S. Securities and Exchange Commission
“SEDOL”	the Stock Exchange Daily Official List
“Service Standard”	the requirement of the Investment Adviser at all times to perform its obligations under the Investment Advisory Agreement with such skill and care as would be reasonably expected of a professional investment adviser advising in good faith an investment company of comparable size and complexity to the Company and having a materially similar investment objective and investment policy and to ensure that it has adequate systems and controls in place in order to do so and that its obligations under the Investment Advisory Agreement are performed by a team of appropriately qualified, trained and experienced professionals
“Share” or “Ordinary Share”	an ordinary share of no par value in the capital of the Company issued as “Ordinary Shares” of such class (denominated in such currency) as the Directors may determine in accordance with the Articles and having such rights and being subject to such restrictions as are contained in the Articles
“Shareholder”	a holder of Shares

“SIPP”	a self-invested personal pension
“Song”	a songwriter’s copyright interest (which would comprise their writer’s share, their publisher’s share and their performance rights) in a song, being a musical composition of words and/or music and the songwriter’s proportion of the publishing rights of a single piece of music and, when construction permits, the collection of words and/or music as purchased by consumers
“special resolution”	a resolution of the Shareholders (or class thereof) of the Company passed as a special resolution in accordance with the Companies Law: (i) at a meeting, by a majority of not less than 75 per cent. of the votes of the Shareholders entitled to vote and voting in person or by attorney or by proxy; or (ii) in writing, by Shareholders representing a majority of not less than 75 per cent. of the total voting rights of Shareholders entitled to vote at the date of circulation of the resolution
“Sponsor”	Cenkos Securities plc
“SSAS”	a small self-administered scheme
“Sterling” or “£”	the lawful currency of the United Kingdom
“Takeover Code”	the City Code on Takeovers and Mergers, as amended from time to time
“Termination Date”	the effective date of termination of the Investment Advisory Agreement
“Termination Portfolio”	the Portfolio as at the date of termination of the Investment Advisory Agreement
“Terms and Conditions of Application”	the terms and conditions of application, in respect of the Offer, as set out in Part IX (<i>Terms and Conditions of the Offer for Subscription</i>) of this Prospectus
“Treasury Department”	States of Guernsey Treasury and Resources Department
“UCITS”	an authorised fund authorised by the FCA in accordance with the UCITS Directive
“UCITS Directive”	Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities, as amended
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Corporate Governance Code”	the UK Corporate Governance Code as published by the Financial Reporting Council
“UK Guernsey IGA”	the intergovernmental agreement between the UK and Guernsey in relation to FATCA implementation
“UK Listing Authority” or “UKLA”	the Financial Conduct Authority acting in its capacity as the competent authority for listing in the United Kingdom for the purposes of admissions to the Official List
“UK SubCo”	Hipgnosis Songs Holdings UK Limited, a wholly-owned subsidiary of the Company incorporated in England and Wales with company number 10809693
“uncertificated” or “in uncertificated form”	recorded on the register as being held in uncertificated form in CREST and title to which may be transferred by means of CREST
“United States” or “U.S.”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
“U.S. Exchange Act”	the U.S. Securities Exchange Act of 1934, as amended
“U.S. Guernsey IGA”	the intergovernmental agreement between the U.S. and Guernsey in relation to FATCA implementation

“U.S. Investment Company Act”	the U.S. Investment Company Act of 1940, as amended
“U.S. Person”	has the meaning given in Regulation S
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended
“U.S. Tax Code”	the U.S. Internal Revenue Code of 1986, as amended
“Vendor”	has the meaning given in paragraph 4.10.8 of Part VIII (<i>Additional Information</i>) of this Prospectus
“Volcker Rule”	Section 13 of the U.S. Bank Holding Company Act of 1956, as amended, and Regulation VV (12 C.F.R. Section 248) promulgated thereunder by the Board of Governors of the Federal Reserve System
“WRL Engagement Letter”	the engagement letter between the Company and Mr Leibowitz for the provision of legal services in connection with Catalogue or Song acquisitions, together with ongoing royalty/licensing issues, copyright registrations, advising on any threatened litigation and other legal services, a summary of which is set out in paragraph 5.8 of Part VIII (<i>Additional Information</i>) of this Prospectus

APPENDIX I: NOTES ON HOW TO COMPLETE THE APPLICATION FORM FOR THE OFFER

Applications should be returned to the Receiving Agent, Computershare Investor Services PLC, so as to be received no later than 11.00 a.m. (London time) on 5 July 2017.

HELP DESK: If you have a query concerning completion of this Application Form please call Computershare on 0370 707 4040 from within the UK or on +44 (0) 370 707 4040 if calling from outside the UK. Calls may be recorded and randomly monitored for security and training purposes. Lines are open from 8.30 a.m. until 5.30 p.m. (London time) Monday to Friday excluding UK public holidays). The helpline cannot provide advice on the merits of the Offer nor give any financial, legal or tax advice.

1. APPLICATION

Fill in (in figures) in Box 1 the amount of money being subscribed for Shares. The amount being subscribed must be a minimum of £1,000 and thereafter in multiples of £100. Financial intermediaries who are investing on behalf of clients should make separate applications or, if making a single application for more than one client, provide details of all clients in respect of whom application is made in order to benefit most favourably from any scaling back should this be required.

2A. HOLDER DETAILS

Fill in (in block capitals) in Box 2A the full name and address of each holder. Applications may only be made by persons aged 18 or over. In the case of joint holders only the first named may bear a designation reference and the address given for the first named will be entered as the registered address for the holding on the share register and used for all future correspondence. A maximum of four joint holders is permitted. All holders named must sign the Application Form at Section 3.

2B. CREST

If you wish your Shares to be deposited in a CREST Account in the name of the holders given in Section 2A enter in Section 2B the details of that CREST Account. The CREST Account must be in the same name(s) as the details of the holder(s) of Shares provided in Sections 2A and 3. If you are not a CREST Participant or CREST Sponsored Member, you should leave Section 2B blank and you will automatically receive a share certificate for your Shares.

3. SIGNATURE

All holders named in Section 2A must sign Section 3 and insert the date. The Application Form may be signed by another person on behalf of each holder if that person is duly authorised to do so under a power of attorney. The power of attorney (or a copy duly certified by a solicitor or a bank) must be enclosed for inspection (which originals will be returned by post at the addressee's risk). A corporation should sign under the hand of a duly authorised official whose representative capacity should be stated and a copy of a notice issued by the corporation authorising such person to sign should accompany the Application Form.

4. SETTLEMENT

4.1 Cheque/Banker's Draft

Payments by cheque or banker's draft must be made in Sterling drawn on a branch in the United Kingdom of a bank or building society which is either a member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner.

Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, should be made payable to "**Computershare Investor Services PLC re: Hipgnosis Songs Fund Limited – Offer for Subscription A/C**". Third party cheques may not be accepted with the exception of building society cheques or

banker's drafts where the building society or bank has confirmed the name of the account holder by stamping and endorsing the cheque/banker's draft to such effect. The account name should be the same as that shown on the application.

4.2 Electronic Bank Transfers

For applicants sending subscription monies by electronic bank transfer (CHAPS) payment must be made for value by 11.00 a.m. 5 July 2017. Please contact Computershare by email at: OFSPaymentQueries@computershare.co.uk for full bank details or telephone the Shareholder helpline on 0370 707 4040 from within the UK or on +44 (0) 370 707 4040 if calling from outside the UK for further information. Computershare will then provide you with a unique reference number which must be used when sending payment.

4.3 CREST Settlement

The Company will apply for the Shares issued pursuant to the Offer in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "**Settlement Date**"). Accordingly, settlement of transactions in the Shares will normally take place within the CREST system.

The Application Form in the Appendix contains details of the information which the Company's registrars, Computershare Investor Services PLC ("**Computershare**"), will require from you in order to settle your application within CREST, if you so choose. If you do not provide any CREST details or if you provide insufficient CREST details for Computershare to match to your CREST account, Computershare will deliver your Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Shares in certificated form should the Company, having consulted with Computershare, consider this to be necessary or desirable. This right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST or any part of CREST or on the part of the facilities and/or system operated by Computershare in connection with CREST.

The person named for registration purposes in your Application Form (which term shall include the holder of the relevant CREST account) must be: (i) the person procured by you to subscribe for or acquire the relevant Shares; or (ii) yourself; or (iii) a nominee of any such person or yourself, as the case may be. Neither Computershare nor the Company will be responsible for any liability to stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement. Computershare, on behalf of the Company, will input a DVP instruction into the CREST system according to the booking instructions provided by you in your Application Form. The input returned by you or your settlement agent/custodian of a matching or acceptance instruction to our CREST input will then allow the delivery of your Shares to your CREST account against payment of the Issue Price per Share through the CREST system upon the Settlement Date.

By returning the Application Form you agree that you will do all things necessary to ensure that you or your settlement agent/custodian's CREST account allows for the delivery and acceptance of Shares to be made prior to 8.00 a.m. on 10 July 2017 against payment of the Issue Price per Share.

To ensure that you fulfil this requirement it is essential that you or your settlement agent/custodian follow the CREST matching criteria set out below:

Trade Date:	6 July 2017
Settlement Date:	10 July 2017
Company:	Hipgnosis Songs Fund Limited
Security Description:	Shares of no par value
SEDOL:	BF03C30
ISIN:	GG00BF03C303

Should you wish to settle DVP, you will need to match your instructions to Computershare's Participant account 8RA22 by no later than 1.00 p.m. on 7 July 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

In the event of late CREST settlement, the Company, after having consulted with Computershare, reserves the right to deliver Shares outside CREST in certificated form provided payment has been made in terms satisfactory to the Company and all other conditions in relation to the Initial Offer for Subscription have been satisfied.

5. RELIABLE INTRODUCER DECLARATION

Applications will be subject to the UK's verification of identity requirements. This will involve you providing the verification of identity documents listed in Section 6 of the Application Form UNLESS you can have the declaration provided at Section 5 of the Application Form given and signed by a firm acceptable to the Receiving Agent. In order to ensure your application is processed timely and efficiently all applicants are strongly advised to have the declaration provided in Section 5 of the Application Form completed and signed by a suitable firm.

6. IDENTITY INFORMATION

Applicants need only consider Section 6 of the Application Form if the declaration in Section 5 cannot be completed. Notwithstanding that the declaration in Section 5 has been completed and signed, the Receiving Agent reserves the right to request of you the identity documents listed in Section 6 and/or to seek verification of identity of each holder and payor (if necessary) from you or their bankers or from another reputable institution, agency or professional adviser in the applicable country of residence. If satisfactory evidence of identity has not been obtained within a reasonable time your application might be rejected or revoked. Where certified copies of documents are provided such copy documents should be certified by a senior signatory of a firm which is either a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm which is itself subject to regulation in the conduct of its business in its own country of operation, and the name of the firm should be clearly identified on each document certified.

7. CONTACT DETAILS

To ensure the efficient and timely processing of your Application Form, please provide contact details of a person Computershare may contact with all enquiries concerning your application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in Section 5, Computershare will contact the regulated person. If no details are entered here and no regulated person is named in Section 5 and the Computershare requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

INSTRUCTIONS FOR DELIVERY OF COMPLETED APPLICATION FORMS – Completed Application Forms should be returned, by post to Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only), to the Receiving Agent, Computershare, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received no later than 11.00 a.m. (London time) on 5 July 2017, together in each case with payment in full in respect of the application. If you post your Application Form, you are recommended to use first class post and to allow at least two days for delivery. Application Forms received after this date may be returned.

APPENDIX II: APPLICATION FORM FOR THE OFFER

Please send this completed form by post Computershare Investor Services PLC, Corporate Actions Projects, Bristol, BS99 6AH or by hand (during normal business hours only) to the Receiving Agent, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS13 8AE so as to be received by no later than 11.00 a.m. (London time) on 5 July 2017.

The Directors may, with the prior approval of Cenkos, alter such date and thereby shorten or lengthen the Offer period. In the event that the Offer period is altered, the Company will notify investors of such change through a Regulatory Information Service.

Important: Before completing this form, you should read the prospectus dated 23 June 2017 (the "**Prospectus**") and the Terms and Conditions of Application set out in Part IX (*Terms and Conditions of the Offer for Subscription*) of the Prospectus and the accompanying notes on how to complete this form.

Box 1 (minimum subscription of £1,000 and in multiples of £100 thereafter)

£

To: Hipgnosis Songs Fund Limited and the Receiving Agent

1. APPLICATION

I/We the person(s) detailed in Section 2A below offer to subscribe the amount shown in Box 1 for Shares subject to the Terms and Conditions of the Offer for Subscription set out in Part IX (*Terms and Conditions of the Offer for Subscription*) of the Prospectus and subject to the articles of incorporation of the Company in force from time to time.

2A. DETAILS OF HOLDER(S) IN WHOSE NAME(S) SHARES WILL BE ISSUED

1:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:

Address (in full):

	Postcode:
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Designation (if any):

2:	Mr, Mrs, Ms or Title:	Forenames (in full):
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Surname/Company name:

Address (in full):

	Postcode:
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3:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
	Postcode:	

4:	Mr, Mrs, Ms or Title:	Forenames (in full):
Surname/Company name:		
Address (in full):		
	Postcode:	

2B. CREST ACCOUNT DETAILS INTO WHICH SHARES ARE TO BE DEPOSITED (IF APPLICABLE)

Only complete this Section if Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in Section 2A.

(Block capitals)

CREST Participant ID:

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CREST Member Account ID:

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3. SIGNATURE(S): ALL HOLDERS MUST SIGN

By completing the signature/execution boxes below you are deemed to have read the Prospectus and agreed to the Terms and Conditions in Part IX (*Terms and Conditions of the Offer for Subscription*) of the Prospectus and to have given the warranties, representations and undertakings set out therein.

First Applicant Signature:	Date
Second Applicant Signature:	Date
Third Applicant Signature:	Date
Fourth Applicant Signature:	Date

Execution by a Company

Executed by (Name of Company):		Date
Name of Director:	Signature:	Date
Name of Director/Secretary:	Signature:	Date
If you are affixing a company seal, please mark a cross <input type="checkbox"/>	Affix Company Seal here:	

4. SETTLEMENT

Please tick the relevant box confirming your method of payment.

(a) **Cheque/Banker's Draft**

If you are subscribing for Shares and paying by cheque or banker's draft, pin or staple to this form your cheque or banker's draft for the exact amount shown in Box 1 (being the Issue Price of 100 pence per Share multiplied by the number of Shares you wish to subscribe for) made payable to "**Computershare Investor Services PLC re: Hipgnosis Songs Fund Limited – Offer for Subscription A/C**". Cheques and banker's drafts must be in Sterling and drawn on an account at a branch of a clearing bank in the United Kingdom, the Channel Islands or the Isle of Man and must bear a United Kingdom bank sort code number in the top right hand corner.

(b) **Electronic Bank Transfer**

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by 11.00 a.m. on 5 July 2017. Please contact Computershare by email at paymentqueries@computershare.co.uk for full bank details or telephone the Shareholder Helpline for further information. Computershare will then provide you with a unique reference number which must be used when sending payment. Please enter below the sort code of the bank and branch you will be instructing to make such payment for value by 11.00 a.m. on 5 July 2017 together with the name and number of the account to be debited with such payment and the branch contact details.



Sort Code:	Account name:
Account number:	Contact name at branch and telephone number:

(c) CREST Settlement

If you so choose to settle your commitment within CREST, that is DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Shares to be made against payment of the Issue Price per Share, following the CREST matching criteria set out below:

Trade Date:	6 July 2017
Settlement Date:	10 July 2017
Company:	Hipgnosis Songs Fund Limited
Security Description:	Shares of no par value
SEDOL:	BF03C30
ISIN:	GG00BF03C303

Should you wish to settle DVP, you will need to match your instructions to Computershare Investor Services PLC's Participant account 8RA22 by no later than 1.00 p.m. on 7 July 2017.

You must also ensure that you or your settlement agent/custodian has a sufficient "debit cap" within the CREST system to facilitate settlement in addition to your/its own daily trading and settlement requirements.

5. RELIABLE INTRODUCER DECLARATION

Completion and signing of this declaration by a suitable person or institution may avoid presentation being requested of the identity documents detailed in Section 6 of this form.

The declaration below may only be signed by a person or institution (such as a governmental approved bank, stockbroker or investment firm, financial services firm or an established law firm or accountancy firm) (the "firm") which is itself the subject in its own country of operation of "know your customer" and anti-money laundering regulations no less stringent than those which prevail in the United Kingdom.

DECLARATION:

To the Company and the Receiving Agent

With reference to the holder(s) detailed in Section 2A, all persons signing at Section 3 and the payor identified in Section 6 if not also a holder (collectively the "subjects") WE HEREBY DECLARE:

- we operate in the United Kingdom, or in a country where money laundering regulations under the laws of that country are, to the best of our knowledge, no less stringent than those which prevail in the United Kingdom and our firm is subject to such regulations;
- we are regulated in the conduct of our business and in the prevention of money laundering by the regulatory authority identified below;
- each of the subjects is known to us in a business capacity and we hold valid identity documentation on each of them and we undertake to immediately provide to you copies thereof on demand;
- we confirm the accuracy of the names and residential business address(es) of the holder(s) given at Section 2A and if a CREST Account is cited at Section 2B that the owner thereof is named in Section 2A;
- having regard to all local money laundering regulations we are, after enquiry, satisfied as to the source and legitimacy of the monies being used to subscribe for the Shares mentioned; and

- where the payor and holder(s) are different persons we are satisfied as to the relationship between them and reason for the payor being different to the holder(s).

The above information is given in strict confidence for your own use only and without any guarantee, responsibility or liability on the part of this firm or its officials.

Signed:	Name:	Position:
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Name of regulatory authority:	Firm's licence number:
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Website address or telephone number of regulatory authority:
STAMP of firm giving full name and business address:



6. IDENTITY INFORMATION

If the declaration in Section 5 cannot be signed and the value of your application is greater than €15,000 (or the Sterling equivalent), please enclose with this Application Form the documents mentioned below, as appropriate. Please also tick the relevant box to indicate which documents you have enclosed, all of which will be returned by the Receiving Agent to the first named Applicant.

In accordance with internationally recognised standards for the prevention of money laundering, the documents and information set out below must be provided:

Holders				Payor

Tick here for documents provided

A. For each holder being an individual enclose:

- (1) an original or a certified clear photocopy of one of the following identification documents which bear both a photograph and the signature of the person: current passport – Government or Armed Forces identity card – driving licence; and
- (2) an original or certified copies of at least two of the following documents no more than 3 months old which purport to confirm that the address given in Section 2A is that person’s residential address: a recent gas, electricity, water or telephone (not mobile) bill – a recent bank statement – a council rates bill – or similar document issued by a recognised authority; and
- (3) if none of the above documents show their date and place of birth, enclose a note of such information; and
- (4) details of the name and address of their personal bankers from which the Receiving Agent may request a reference, if necessary.

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B. For each holder being a company (a “holder company”) enclose:

- (1) a certified copy of the certificate of incorporation of the holder company; and
- (2) the name and address of the holder company’s principal bankers from which the Receiving Agent may request a reference, if necessary; and
- (3) a statement as to the nature of the holder company’s business, signed by a director; and
- (4) a list of the names and residential addresses of each director of the holder company; and
- (5) for each director provide documents and information similar to that mentioned in A above; and
- (6) a copy of the authorised signatory list for the holder company; and
- (7) a list of the names and residential/registered address of each ultimate beneficial owner interested in more than 5 per cent. of the issued share capital of the holder company and, where a person is named, also complete C below and, if another company is named (hereinafter a “beneficiary company”), also complete D below. If the beneficial owner(s) named do not directly own the holder company but do so indirectly via nominee(s) or intermediary entities, provide details of the relationship between the beneficial owner(s) and the holder company.

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C. For each person named in B(7) as a beneficial owner of a holder company enclose for each such person documents and information similar to that mentioned in A(1) to (4)

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D. For each beneficiary company named in B(7) as a beneficial owner of a holder company enclose:

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(1) a certified copy of the certificate of incorporation of that beneficiary company;

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(2) a statement as to the nature of that beneficiary company's business signed by a director; and

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(3) the name and address of that beneficiary company's principal bankers from which the Receiving Agent may request a reference, if necessary; and

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(4) a list of the names and residential/registered address of each beneficial owner owning more than 5 per cent. of the issued share capital of that beneficiary company.

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E. If the payor is not a holder and is not a bank providing its own cheque or banker's draft on the reverse of which is shown details of the account being debited with such payment (see note 5 on how to complete this form) enclose:

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(1) if the payor is a person, for that person the documents mentioned in A(1) to (4); or

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(2) if the payor is a company, for that company the documents mentioned in B(1) to (7); and

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(3) an explanation of the relationship between the payor and the holder(s).

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7. CONTACT DETAILS

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Receiving Agent may contact with all enquiries concerning this application. Ordinarily this contact person should be the person signing in Section 3 on behalf of the first named holder. If no details are provided here but a regulated person is identified in Section 5, the Receiving Agent will contact the regulated person. If no details are entered here and no regulated person is named in Section 5 and the Receiving Agent requires further information, any delay in obtaining that additional information may result in your application being rejected or revoked.

Contact name:

E-mail address:

Contact address:

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Postcode:

Telephone No:

Fax No:



