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This document comprises a supplementary prospectus (the "Supplementary Prospectus") relating to Hipgnosis Songs Fund Limited (the "Company"), prepared in accordance with Regulation (EU) 2017/1129 (the "Prospectus Regulation") and the prospectus regulation rules of the Financial Conduct Authority (the "FCA") (the "Prospectus Regulation Rules"). This Supplementary Prospectus has been approved by the FCA, as competent authority under Regulation (EU) 2017/1129. The FCA only approves this Supplementary Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by Regulation (EU) 2017/1129. Such approval should not be considered as an endorsement of the issuer that is the subject of this Supplementary Prospectus. This Supplementary Prospectus has been made available to the public in accordance with Rule 3.2 of the Prospectus Regulation Rules.

This Supplementary Prospectus is supplemental to, and should be read in conjunction with, the prospectus published by the Company on 27 September 2019 (the "Prospectus"). Except as expressly stated herein, or unless the context otherwise requires, the definitions used or referred to in the Prospectus also apply in this Supplementary Prospectus.

The Placing Programme will remain open until 25 September 2020 or such earlier time at which the maximum number of Issue Shares to be issued pursuant to the Placing Programme have been issued (or such other date as may be agreed between Nplus1 Singer Advisory LLP ("**N+1 Singer**"), J.P. Morgan Securities plc (which conducts its UK investment banking activities as J.P. Morgan Cazenove) ("**JPMC**" and together with N+1 Singer, the "**Joint Bookrunners**") and the Company (such agreed date to be announced by way of an RIS announcement)).

HIPGNOSIS SONGS FUND LIMITED

(an investment company limited by shares incorporated under the laws of Guernsey with registered number 65158)

Supplementary Prospectus

Investment Adviser

The Family (Music) Limited

Financial Adviser, Sponsor and Joint Bookrunner

Nplus1 Singer Advisory LLP

Joint Bookrunner

J.P. Morgan Cazenove

The Company and each of the Directors, whose name appears on page 9 of this Supplementary Prospectus, accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Company and the Directors, the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Family (Music) Limited (the "**Investment Adviser**") accepts responsibility for the information and opinions contained in this Supplementary Prospectus relating to it and all statements made by it. To the best of the knowledge of the Investment Adviser, which has taken all reasonable care to ensure that such is the case, the information or opinions contained in this Supplementary Prospectus related to or attributed to it and its Affiliates are in accordance with the facts and do 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 Issue 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 any Subsequent Placing, subject to certain exceptions, offers and sales of Issue 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 Issue 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 this Supplementary Prospectus or the issue of the Issue Shares or passed upon the adequacy or accuracy of this Supplementary Prospectus. Any representation to the contrary is a criminal offence in the United States.

The offer and sale of Issue Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or South Africa. The Issue 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 Joint Bookrunners are acting exclusively for the Company and for no one else in connection with any Subsequent Admission, the Placing Programmes and any other arrangements referred to in the Prospectus or this Supplementary Prospectus. The Joint Bookrunners will not be responsible to anyone other than the Company for providing the protections afforded to their clients, nor for providing advice in relation to any Subsequent Admission, the Placing Programmes or any matters referred to herein.

The Joint Bookrunners do not accept any responsibility whatsoever for the contents of this Supplementary Prospectus. The Joint Bookrunners do not make any representation or warranty, express or implied, for the contents of this Supplementary Prospectus including its accuracy, completeness or verification or for any other statement made or purported to be made by either of them or on their behalf in connection with the Company, any Subsequent Admission, the Placing Programmes, the contents of the Prospectus or this Supplementary Prospectus, or any transaction or arrangement referred to in the Prospectus, this Supplementary Prospectus or the Issue Shares. Each of the Joint Bookrunners and their respective Affiliates accordingly disclaim 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 or they might otherwise have in respect of the Prospectus, this Supplementary 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 the Joint Bookrunners by FSMA or the regulatory regime established thereunder.

N+1 Singer is authorised and regulated in the United Kingdom by the FCA. J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove, is authorised in the United Kingdom by the Prudential Regulatory Authority (“PRA”) and regulated by the FCA and the PRA.

The Issue 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 Issue Shares, prospective investors should refer to the sections entitled “Representations, Warranties and Undertakings” in Part V (The Initial Issue and the Placing Programmes) and “Memorandum and Articles: Transfer of Shares” in Part VII (Additional Information) of the Prospectus.

In connection with the Placing Programmes, the Joint Bookrunners and their respective Affiliates, acting as investor(s) for its or their own account(s), may subscribe for the Issue 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 Programmes or otherwise.

Accordingly, references in the Prospectus or this Supplementary Prospectus to the Issue Shares being issued, offered, subscribed or otherwise dealt with, should be read as including any issue or offer to, or subscription or dealing by, the Joint Bookrunners and any of their respective Affiliates acting as investor(s) for its or their own account(s). Neither the Joint Bookrunners nor any of their respective Affiliates intend 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 a closed-ended investment company registered with the Guernsey Financial Services Commission (“GFSC”) under the Registered Collective Investment Scheme Rules 2018 (“RCIS Rules”) and the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended. The GFSC has not reviewed this document but has relied upon specific warranties provided by Ocorian Administration (Guernsey) 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 Supplementary Prospectus is dated 25 June 2020.

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PART I – AMENDMENTS TO THE PROSPECTUS

1. EVENTS ARISING SINCE PUBLICATION OF THE PROSPECTUS

- 1.1 This Supplementary Prospectus is being published in relation to the Share Issuance Programme. The publication of this Supplementary Prospectus is a regulatory requirement under Article 23 of the Prospectus Regulation and Rule 3.4 of the Prospectus Regulation Rules following the occurrence of a significant new factor. The significant new factor is that, following Shareholders voting in favour of the proposal tabled at an extraordinary general meeting of the Company on 11 June 2020 (the “**Extraordinary General Meeting**”), the Company adopted a revised Investment Objective and Policy, as set out in paragraph 2 below.
- 1.2 In connection with the adoption of this revised Investment Objective and Policy, the Company has adopted a revised financing strategy, which is set out in paragraph 3 **Error! Reference source not found.** below. The revisions to the Investment Objective and Policy and the adoption of a revised financing strategy have necessitated an amendment to the risk factors to be made, which is set out in paragraph 4 below.

2. REVISED INVESTMENT OBJECTIVE AND POLICY

- 2.1 Following the revised Investment Objective and Policy being adopted at the Extraordinary General Meeting the Company has adopted the following revised 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 (including, but not limited to, master recordings and producer royalties). The Company seeks 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 acquires interests in Songs which are sole authored or co-authored. The Company may also acquire interests in Songs jointly with another purchaser. Each Song is considered by the Company to be a separate asset.

The Company, directly or indirectly via portfolio administrators, enters into licensing agreements, under which the Company receives 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 focuses 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. The Company may acquire Songs or Catalogues directly, or indirectly by acquiring the entity through which such Songs or Catalogues are held.

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

- (a) the Company holds interests in a minimum of 300 Songs;
- (b) the value of any single Song does not, and 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 is no requirement to sell any Song, in whole or in part; and
- (c) the Company does not, and 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 does not, and will not, enter into such arrangements for investment purposes.

Leverage

The Company may incur indebtedness of up to a maximum of 30 per cent. of its Net Asset Value, calculated at the time of drawdown. For these purposes all bank borrowings and other forms of indebtedness incurred by any member of the Group (as defined below), and any non-equity share capital, will be taken into account. "**Group**" means the Company and its subsidiaries (as defined in section 531 of the Companies (Guernsey) Law, 2008, as amended).

Amendments to and compliance with the Investment Objective and Policy

Any material change to the Company's Investment Objective and Policy will be made only with the prior approval of the FCA and the Shareholders by ordinary resolution.

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. NEW FINANCING STRATEGY

- 3.1 Following the revised Investment Objective and Policy being adopted at the Extraordinary General Meeting, the Company will adopt the financing strategy set forth in paragraphs 3.1.1 to 3.1.5 below, with such additional language being added to section 2.1 (Investment Strategy) of Part II (Market Background, Investment Strategy and Approach) of the Prospectus.

Financing Strategy

- 3.1.1 The Company intends to make prudent use of leverage to finance the acquisition (directly or indirectly) of Songs or Catalogues in accordance with the Investment Objective and Policy to enhance equity returns. The Company may also utilise

borrowings for working capital and interest rate hedging purposes.

- 3.1.2 The level of leverage will be determined by the Directors, in consultation with the Investment Adviser, and will always be subject to an absolute maximum which, calculated at the time of drawdown, will be no more than 30 per cent. of the Company's Net Asset Value.
- 3.1.3 Debt is generally expected to be secured against the Company's Portfolio of Songs, and the Company may allocate specific Portfolio assets to provide security for any particular financing.
- 3.1.4 The Company expects leverage to primarily comprise revolving credit facilities, although other forms of borrowing may be used, such as term loans, overdraft facilities or private or public bond or note issuances, including the issue of debt securities by special purpose financing vehicles within the Group.

Revolving credit facility

- 3.1.5 On 2 April 2020, UK MidCo entered into an agreement with a syndicate of lenders, with JPMorgan Chase Bank and City National Bank as joint lead arrangers (the "**Revised RCF**"), to increase its original revolving credit facility entered into in August 2019 (as amended on 10 February 2020) (the "**Original RCF**") from £100 million to £150 million. Under the Revised RCF, the Company may request an increase in the revolving credit facility commitment by a further £50 million. In addition to the increase of the revolving credit facility commitment, the maturity date was extended from 29 August 2022 to 2 April 2025. The Revised RCF is secured against the Fund Entities' assets and includes two financial covenants:
 - (A) the Loan to Value, calculated as the total indebtedness of the Company divided by the value of its Catalogues, must not exceed 20 per cent. (which, subject to lender consent, is expected to be increased to 30 per cent.); and
 - (B) the Company's cash and facility headroom must be greater than an estimate of one year's total costs.
- 3.2 The description of the Original RCF contained in paragraph 5.8 (Revolving Credit Facility) of Part VII (Additional Information) of the Prospectus shall be updated by the disclosure relating to the Revised RCF contained in paragraph 3.1.5 above.
- 3.3 The language set out in paragraphs 3.1.1 to 3.1.5 above replaces the following language, which shall be deleted in its entirety:

"In addition, the Company uses borrowing tactically for short term investment purposes, with the intention of repaying such borrowings over the short term. It is not the Company's current intention to deploy any structural leverage, but the Board does reserve the right to do so, within the borrowing limits set out in the Investment Objective and Policy, if it considers it to be in the best interests of the Company. In order to provide the Company with flexible capital to fund investments and for working capital purposes, the Company, the UK MidCo and JPM have entered into the RCF pursuant to which JPM (as lead arranger and lender) has agreed to provide a revolving credit facility of up to £65 million. The RCF will be available for three years and the Company may request an increase in the RCF commitment by a further £35 million subject to certain conditions and commitments from willing lenders. In accordance with the borrowing limits set out in the Company's Investment Objective and Policy, any borrowings by the Company will not exceed 20 per cent. of the Company's Net Asset Value. As at the date of this Prospectus, the Company has drawn down £13.75 million on this facility."

4. **REVISION TO THE RISK FACTORS**

- 4.1 Following the revised Investment Objective and Policy being adopted at the Extraordinary

General Meeting, the risk factor entitled “Risks associated with leverage” on page 24 of the Prospectus is deleted in its entirety and replaced with the following:

“Risks associated with leverage

The Company may use leverage to finance the acquisition (directly or indirectly) of Songs or Catalogues in accordance with the Investment Objective and Policy. In addition, the Company may utilise borrowings for working capital and interest rate hedging purposes. Pursuant to its Investment Objective and Policy, the Company may borrow an aggregate amount equivalent to 30 per cent. of Net Asset Value, calculated at the time of drawdown. For these purposes all bank borrowings and other forms of indebtedness incurred by any member of the Group, and any non-equity share capital, will be taken into account.

In August 2019, UK MidCo entered into the Original RCF with JPMorgan Chase Bank (as lead arranger and lender), which contained covenants relating to compliance with liquidity levels and repayment, and in connection with which security was granted over the Fund Entities' assets. The Original RCF (which was amended in February 2020) was further amended in April 2020, by way of the Revised RCF, to, inter alia, increase the commitments of the lenders and extend the term of the Original RCF. While such leverage provides flexibility and presents opportunities for increasing total NAV return, it can also have the opposite effect of increasing losses and, in the case of default under the Revised RCF, could result in the bank enforcing its security and selling the Fund Entities' assets to discharge its debts. 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. Further, if the bank were to enforce its rights of sale in the event of a default, it is possible that the assets may need to be sold (particularly where debt is secured against specific Portfolio assets) and may be sold at a lower value than the Company considers to be their fair value, which would decrease the Net Asset Value and could have an adverse impact on returns to Shareholders.

Following the expiration of the term of any financing arrangement the Company enters into, (or if an early repayment event is triggered in accordance with the terms of the relevant financing agreement), where the Company is unable to agree an extension of such term with the relevant lender, the Company will be required to repay the outstanding balance of any borrowing. If the Company cannot raise finance from alternative sources to repay its obligations under such financing agreement (which may include an equity capital raise or sourcing an alternative financing arrangement), the Company may be required to sell assets on an expedited basis (possibly at a value lower than their fair value), which would decrease the Net Asset Value and could have an adverse impact on returns to Shareholders.

The effect of the use of leverage, even where taken out for working capital or for interest rate hedging purposes, is to increase the Company's investment exposure. The result of this is that, in a market that moves adversely, the possible resulting loss to Shareholders' capital would be greater than if leverage was not used.

PART II – AMENDMENTS TO THE SUMMARY

1. AMENDMENTS TO THE SUMMARY

As a result of the amendments to the Prospectus as set out in Part I of this Supplementary Prospectus, certain amendments have been made to parts of the Summary in accordance with Article 23(1) of the Prospectus Regulation and Rule 3.4.1 of the Prospectus Regulation Rules. As a result, paragraph 2(d) of the Summary shall be deemed to be amended as set out below.

2(d) What are the key risks that are specific to the issuer?

In this section, the third bullet point under the title “Key risks relating to the Company’s investment policy” which read as follows:

“The Company may utilise borrowings for working capital, interest rate hedging purposes, and for short-term bridging purposes to finance the acquisition of Songs. While such leverage provides flexibility and presents opportunities for increasing total NAV return, it can also have the opposite effect of increasing losses”,

shall be deleted in its entirety and replaced with the following language:

“The Company may use leverage to finance the acquisition (directly or indirectly) of Songs or Catalogues in accordance with the Investment Objective and Policy. In addition, the Company may utilise borrowings for working capital and interest rate hedging purposes. While such leverage provides flexibility and presents opportunities for increasing total NAV return, it can also have the opposite effect of increasing losses”.

PART III – ADDITIONAL INFORMATION

1. WITHDRAWAL RIGHTS

In accordance with Article 23(2) of the Prospectus Regulation, investors who have agreed before this Supplementary Prospectus was published to purchase or subscribe for Shares pursuant to an offer to the public, where the allotment of which had not become fully unconditional, would have the right to withdraw their acceptances. As the Offer that was made pursuant to the Prospectus expired on 15 October 2019, there is no such offer to the public that has not become fully unconditional as at the date of this Supplementary Prospectus. As such, the withdrawal rights pursuant to Article 23(2) of the Prospectus Regulation are not applicable in the context of this Supplementary Prospectus.

2. PERSONS RESPONSIBLE

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

Directors

Andrew Sutch (*Chairman*)

Paul Burger

Sylvia Coleman

Simon Holden

Andrew Wilkinson

3. SIGNIFICANT NEW FACTORS

Save as disclosed in this Supplementary Prospectus, no other significant new factor, material mistake or inaccuracy has arisen since the publication of the Prospectus.

4. CONSENTS

4.1 N+1 Singer and JPMC, respectively, have each given and not withdrawn their written consent to the inclusion in this Supplementary Prospectus of their respective names in the form and context in which they appear.

4.2 The Investment Adviser has given and not withdrawn its written consent to the inclusion in this Supplementary Prospectus of its name in the form and context in which it appears.

5. DOCUMENTS ON DISPLAY

5.1 The following documents will be available for inspection during usual business hours on any day (Saturdays, Sundays and public holidays excepted) on the Company's website (<https://www.hipgnosissongs.com/investorinfo>) until the expiration of the Share Issuance Programme:

5.1.1 this Supplementary Prospectus;

5.1.2 the Prospectus; and

5.1.3 the Company's memorandum of association and Articles.

5.2 In addition, copies of this Supplementary Prospectus and the Prospectus are available, for inspection only, from the National Storage Mechanism (<https://data.fca.org.uk/#/nsm/nationalstoragemechanism>).

6. GENERAL

To the extent that there is any inconsistency between any statement included or incorporated by reference in this Supplementary Prospectus and any other statement included or

incorporated by reference in the Prospectus, the statements included or incorporated by reference in this Supplementary Prospectus will prevail.

Dated: 25 June 2020