

HERBERT SMITH FREEHILLS HELPS HIPGNOSIS HIT THE RIGHT NOTES

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Deals and cases

Herbert Smith Freehills has advised Hipgnosis Songs Fund Limited ("Hipgnosis"; LSE: SONG) on a secured £150 million (with an uncommitted accordion) New York law Net Asset Value-based revolving credit facility (RCF) borrowed by its subsidiary. It involved a syndication of seven banks, including JP Morgan.

The facility refinances the group's £65 million RCF with JP Morgan as lender, which Herbert Smith Freehills originally advised on, in August 2019. The facility is based on an independent valuation of Hipgnosis' music catalogues.

Hipgnosis, a fund listed on the premium segment of the London Stock Exchange and recently inducted into the FTSE 250 index, was founded by Merck Mercuriadis (former manager of recording artists such as Iron Maiden, Elton John, Guns N' Roses, Morrissey and Beyoncé). It offers investors a pure-play exposure to songs and associated musical intellectual property rights. The fund's Investment Adviser is The Family (Music) Limited, also founded by Merck Mercuriadis.

Since 2018 Hipgnosis has invested more than US\$650 million in the music catalogues of songwriters who have writing credits on massive hit songs including "You Give Love a Bad Name", "Single Ladies (Put a Ring on It)", "Girls Like You", "Havana", and "Closer (featuring Halsey)".

Herbert Smith Freehills' team was led by Gabrielle Wong. She was supported by senior associate Soumya Rao, associates Ben Robinson and Chelsea Fish and trainee Natassja Moczarski (with partner Heather Culshaw leading on UK-related aspects). Funds partner, Nigel Farr, and senior associate Adam Hickey, advised on the funds aspects of the transaction.

Gabrielle Wong, partner in Herbert Smith Freehills' finance practice, commented: " Successful completion of this debt raising in the midst of a global pandemic is a testament to the confidence of investors in the robustness of Hipgnosis' business and the evolution of songs as a valuable asset class. We are delighted to have advised Hipgnosis on yet another significant transaction. It is exciting to work with such a dynamic client and I look forward to continue supporting Merck and his team as they expand their business and go from strength to strength."

Björn Lindvall, COO of Hipgnosis, commented: "We are very pleased to have been able to issue our first syndicated loan facility at incredibly good terms in these highly volatile markets whilst still being oversubscribed. I would like to thank Gabrielle and her team for their hard and diligent work, which in no small way was a determining factor in getting this deal across the finishing line in a successful way."

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