

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt about the action you should take, you are recommended to seek your own financial advice immediately from an independent financial adviser who is authorised under the Financial Services and Markets Act 2000 (as amended) ("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.

This document, which comprises a prospectus relating to Round Hill Music Royalty Fund Limited (the "Company") has been approved by the Financial Conduct Authority (the "FCA") under the Prospectus Regulation and has been delivered to the FCA in accordance with Rule 3.2 of the Prospectus Regulation Rules. This document has been made available to the public as required by the Prospectus Regulation Rules.

This document has been approved by the FCA of 12 Endeavour Square, London E20 1JN, as the competent authority under the Prospectus Regulation. Contact information relating to the FCA can be found at [www.fca.org.uk/contact](http://www.fca.org.uk/contact).

The FCA only approves this document as meeting the standards of completeness, comprehensibility and consistency imposed by the Prospectus Regulation. Such approval should not be considered as an endorsement of the Company or the quality of the securities that are the subject of this document. Investors should make their own assessment as to the suitability of investing in securities.

**The Shares will be admitted to the Specialist Fund Segment, which is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment. The Specialist Fund Segment is 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 securities admitted to trading on the Specialist Fund Segment 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. It should be remembered that the price of the Shares and the income from them can go down as well as up.**

Application will be made to the London Stock Exchange for all of the Ordinary Shares (issued and to be issued) in connection with the Initial Issue to be admitted to trading on the Specialist Fund Segment. Applications will be made for all of the Shares issued pursuant to each Subsequent Placing under the Placing Programme to be admitted to trading on the Specialist Fund Segment. It is expected that Initial Admission will become effective and that unconditional dealings will commence in the Ordinary Shares at 8.00 a.m. on 13 November 2020. It is expected that Admission pursuant to Subsequent Placings under the Placing Programme will become effective and dealings will commence between 13 November 2020 and 18 October 2021. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other stock exchange.

Capitalised terms in this document shall have the meanings set out in Part 8 of this document.

**Prospective investors should read this entire document and, in particular, the section headed "Risk Factors" beginning on page 12 when considering an investment in the Company.**

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## **ROUND HILL MUSIC ROYALTY FUND LIMITED**

*(a non-cellular company limited by shares incorporated under the laws of Guernsey with registered number 68002 and registered as a registered closed-ended investment scheme)*

**Initial Placing and Offer for Subscription for a target issue of 375 million Ordinary Shares at US\$1.00 per Ordinary Share**

**Placing Programme for up to 750 million Ordinary Shares and/or C Shares**

**Admission to trading on the Specialist Fund Segment**

**Investment Manager**

**Round Hill Music LP**

**Financial Adviser and Bookrunner**

**Cenkos Securities PLC**

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Specialist Fund Segment securities are not admitted to the Official List of the FCA. Therefore, the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not subject to the FCA's Listing Rules. The London Stock Exchange has not examined or approved the contents of this document.

The Company and each of the Directors, whose names appear on page 37 of this document, accept responsibility for the information contained in this document. To the best of the knowledge of the Company and the Directors the information contained in this document is in accordance with the facts and this document makes no omission likely to affect its import.

Cenkos Securities PLC ("**Cenkos**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser and bookrunner to the Company and for no one else in relation to Admission, the Initial Issue, the Placing Programme and the other arrangements referred to in this document. Cenkos will not regard any other person (whether or not a recipient of this document) as its client in relation to Admission, the Initial Issue, the Placing Programme and the other arrangements referred to in this document and will not be responsible to anyone other than the Company for providing the protections afforded to its clients or for providing any advice in relation to Admission, the Initial Issue, the Placing Programme and the other arrangements referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed on Cenkos by FSMA or the regulatory regime established thereunder, Cenkos does not make any representation, express or implied, in relation to, nor accepts any responsibility whatsoever for, the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, Admission, the Initial Issue, the Placing Programme and any other arrangements referred to in this document. Cenkos (and its affiliates) accordingly, to the fullest extent permissible by law, disclaims all and any responsibility or liability (save for statutory liability), whether arising in tort, contract or otherwise which it might otherwise have in respect of the contents of this document or any other statement made or purported to be made by it or on its behalf in connection with the Company, the Shares, Admission, the Initial Issue, the Placing Programme or any other arrangements referred to in this document.

The Offer for Subscription will remain open until 1.00 p.m. on 10 November 2020 and the Initial Placing will remain open until 3.00 p.m. on 10 November 2020. Persons wishing to participate in the Offer for Subscription should complete the Application Form set out in the Appendix to this document. To be valid, Application Forms must be completed and returned with the appropriate remittance by post to the Receiving Agent, JTC Registrars Limited so as to be received no later than 1.00 p.m. on 10 November 2020.

In connection with the Initial Issue and/or Subsequent Placings, Cenkos and any of its affiliates, acting as investors for its or their own accounts, may subscribe for or purchase Shares and in that capacity may retain, purchase, sell, offer to sell or otherwise deal for its or their own account(s) in the Shares and other securities of the Company or related investments in connection with the Initial Issue and/or Subsequent Placings or otherwise. Accordingly, references in this document to 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 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. In addition, Cenkos may enter into financing arrangements with investors, such as share swap arrangements or lending arrangements in connection with which Cenkos may from time to time acquire, hold or dispose of shareholdings in the Company.

This document may not be used for the purpose of, and does not constitute, an offer or solicitation by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is unlawful or not authorised or would impose any unfulfilled registration, qualification, publication or approval requirements on the Company or Cenkos or to any person to whom it is unlawful to make such offer or solicitation. The offer and sale of Shares has not been and will not be registered under the applicable securities laws of Canada, Australia, the Republic of South Africa or Japan. Subject to certain exemptions, the Shares may not be offered to or sold within Canada, Australia, the Republic of South Africa or Japan or to any national, resident or citizen of Canada, Australia, the Republic of South Africa or Japan.

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 the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, 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), 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 in the United States. There will be no public offer of the Shares in the United States. The Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. 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 investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation. Any person in the United States who obtains a copy of this document is requested to disregard it.

In relation to the UK and each member state of the EEA that has implemented the AIFM Directive, no Shares have been or will be directly or indirectly offered to or placed with investors in the UK and/or that member state at the initiative of or on behalf of the Company or the Investment Manager other than in accordance with methods permitted in the UK and/or that member state.

The Company is a registered closed-ended collective investment scheme pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended and the Registered Collective Investment Scheme Rules 2018 issued by the Guernsey Financial Services Commission (the “GFSC”). The GFSC takes no responsibility for the financial soundness of the Company or for the correctness of any statements made or opinions expressed with regard to it.

This document has not been reviewed by the GFSC and, in granting registration, the GFSC has relied upon specific declarations provided by the Administrator.

Copies of this document will be available on the Company’s website ([www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com)) and the National Storage Mechanism of the FCA at <https://data.fca.org.uk/#/nsm/nationalstoragemachanism> and hard copies of the document can be obtained free of charge from the Administrator.

Without limitation, neither the contents of the Company’s or the Investment Manager’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s or the Investment Manager’s website (or any other website) is incorporated into, or forms part of this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Shares on the contents of this document alone.

Dated: 19 October 2020

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## SUMMARY

### 1. INTRODUCTION, CONTAINING WARNINGS

This summary should be read as an introduction to this document and any decision to invest in Shares should be based on consideration of this document as a whole by the investor. The investor could lose all or part of its invested capital. Where a claim relating to the information contained in this document is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this document before legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent when read together with the other parts of this document or it does not provide, when read together with the other parts of this document, key information in order to aid investors when considering whether to invest in Shares.

The securities which the Company intends to issue pursuant to the Initial Issue are Ordinary Shares. The Company also intends to issue Ordinary Shares and/or C Shares pursuant to the Placing Programme.

The ISIN of the Ordinary Shares is GG00BMXNVC81 and the SEDOL is BMXNVC8.

The ISIN of the C Shares is GG00BMGWM188 and the SEDOL is BMGWM18.

Round Hill Music Royalty Fund Limited (the “**Company**”) can be contacted by writing to its registered office, Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT or by calling, within business hours (9.00 a.m. – 5.00 p.m.), 01481 702400. The Company can also be contacted through its Administrator, JTC Fund Solutions (Guernsey) Limited, by writing to PO Box 156, Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 4EU, or by calling, within business hours, 01481 702400 or emailing JTC@jtcgroup.com.

This document was approved on 19 October 2020 by the Financial Conduct Authority of 12 Endeavour Square, London E20 1JN. Contact information relating to the FCA can be found at <https://www.fca.org.uk/contact>.

### 2. KEY INFORMATION ON THE ISSUER

#### 2.1 Who is the issuer of the securities?

The Company was incorporated in Guernsey under the Companies Law on 5 August 2020 as a non-cellular company limited by shares with an indefinite life, is domiciled in Guernsey and is tax resident in the United Kingdom. The Company is registered with the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules. The Company’s LEI number is 213800752UO1CJTV8C39.

The memorandum of incorporation of the Company provides that the Company has unlimited objects. The Company’s principal activity is to invest in high quality, music intellectual property.

Pending the issue of the Ordinary Shares pursuant to the Initial Issue, the Company is controlled by the Investment Manager. The Company and the Directors are not aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

As at 16 October 2020 (the latest practicable date prior to the publication of this document) insofar as known to the Company, there are no parties known to have a notifiable interest under English or Guernsey law in the Company’s capital or voting rights.

The Board is comprised of:

- Trevor Bowen;
- Caroline Chan; and
- Francis Keeling.

The Company’s Auditor is KPMG Channel Islands Limited of 37 Esplanade, St Helier, Jersey JE4 8WQ, whose place of business in Guernsey is at Gategny Court, Gategny Esplanade, St Peter Port, Guernsey GY1 1WR.

The Company's Investment Objective and Investment Policy are set out below.

#### *Investment Objective*

The Company's investment objective is to provide investors with an attractive level of regular and growing income and capital returns from investment primarily in high quality, music intellectual property.

#### *Investment Policy*

In order to achieve its Investment Objective the Company will invest in a songwriter's copyright interest in a musical composition or song (being their writer's share, their publisher's share and their performance rights) together with the rights in the recording of the musical composition or song (known as the master recording rights) ("**Copyrights**") together with all rights and assets considered by the Investment Manager to be ancillary thereto.

Although typically the Company anticipates acquiring the entirety of a copyright owner's interest in a musical composition or song, the Company may acquire a lesser or minority interest in a Copyright or Catalogue and enter into joint venture or other arrangements in respect of the same.

The Company intends to invest in small to medium sized Catalogues (typically 100-1000 Copyrights) that are diversified by artist, genre, decade and royalty type. The Company also intends to invest predominantly in classic, older Copyrights with enduring appeal and which experience consistent usage. Such compositions have generally reached a steady state of earnings and are not subject to the natural decline in earnings and value that typically occurs within the initial ten years of a composition's life.

Typically, the revenue generated by the Copyrights will comprise:

- *Performance royalties*: generated from public performance, broadcasting and digital streaming. This includes: terrestrial and satellite radio and television broadcasts, live concerts, music in bars, hotels, restaurants, shops, sporting events, cinemas, YouTube and internet performances and theatrical performances.
- *Mechanical royalties*: fees the copyright owner receives upon the sale of any recording for the use of the underlying musical composition. Every time a digital download or a physical CD is sold a mechanical royalty is paid to the owner of the copyright.
- *Synchronisation royalties*: collected when the copyright is used in movies, television programming, advertising, ringtones and video games.
- *Digital interactive royalties*: digital royalties from interactive streaming services are considered a hybrid of mechanical and performance royalties. In the UK and USA, 50 per cent. of the royalty is paid by the streaming service as a performance royalty to the relevant Performing Rights Organisations around the world. The remaining 50 per cent. is treated as a mechanical royalty payable to the owner of the copyright.
- *Other royalties*: for example royalties generated from print or sheet music, greeting cards, toys and clothing, and theatre music.
- *Royalties and fees payable in respect of master recordings*: master recordings are the copyright in the master recording of a musical composition or song. They earn synchronisation royalties and generate income from sales of both physical and digital records as well as from the streaming services. Additionally, master recordings earn significant royalties from digital radio, YouTube and similar streaming platforms.

The Company will seek to acquire both the publishing and administration rights (being the right to collect royalties and revenues and commercially exploit the Copyrights) in Copyrights thereby allowing it not only to collect all or some portion of the royalty revenues but also to create value and unlock upside through diligent and creative Catalogue management.

The majority of the returns from the Company's investments will be derived from the royalty streams. However, Round Hill will seek to enhance returns through improved royalty collection, pro-active licensing activity and increased usage and song exposure.

The Company may acquire Copyrights for consideration comprising cash and/or Shares. It may also acquire vehicles (or interests in such vehicles) that own Catalogues as opposed to the Catalogues themselves. It may also, subject to the approval of the Board and Shareholder approval, acquire Copyrights and Catalogues from the Investment Manager, parties related to the Investment Manager and funds managed by the Investment Manager.

#### *Investment Restrictions*

The Company will observe the following investment restrictions calculated, where relevant, at the point of investment:

- when fully invested the Portfolio will comprise not less than 15 Catalogues;
- when fully invested the Portfolio will comprise not less than 5,000 musical compositions;
- the value of Copyrights from a single songwriter will not represent more than 25 per cent. of Gross Asset Value;
- the value of a Copyright in a single song will not represent more than 20 per cent. of Gross Asset Value;
- when fully invested, not more than 20 per cent. of the Gross Asset Value will be represented by Copyrights that are less than 5 years old; and
- the Company will not invest in closed-ended investment companies or other investment funds.

#### *Borrowing Policy*

The Company may, from time to time, be geared through the use of borrowings. Borrowings would principally be used for investment purposes. Gearing represented by borrowing will not exceed 25 per cent. of Economic NAV, calculated at the point of draw down.

#### *Hedging and Derivatives*

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

#### *Cash management*

Pending investment, cash may be invested in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single –A (or equivalent) or higher credit rating as determined by an internally recognised rating agency.

#### *Amendments to, and compliance with, the Investment Objective and the Investment Policy*

Any material change to the Company's Investment Objective or Investment Policy will require the approval of Shareholders by way of an ordinary resolution at a general meeting.

In the event of a breach of the Investment Policy and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of any breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

## **2.2 What is the key financial information regarding the issuer?**

No key financial information is included in this document as the Company is yet to commence operations.

## **2.3 What are the key risks that are specific to the issuer?**

The attention of investors is drawn to the risks associated with an investment in the Company which, in particular, include the following:

#### *Key risks relating to the Company*

- The Company is newly formed with no operating history and so investors have no basis on which to evaluate the Company's ability to achieve its Investment Objective.

- The Company, whose Board is non-executive, is reliant upon the provisions of services to it by third party service providers for its executive function.
- The Company's performance may be adversely impacted by the coronavirus pandemic.

*Key risks relating to the Investment Manager*

- The Company will be reliant upon Round Hill to identify, evaluate, acquire (on behalf of the Company), administer and commercially exploit investments.

*Key risks relating to the Investment Objective and Investment Policy*

- There can be no guarantee or assurance the Company will achieve its Investment Objective which is a target only.
- There can be no guarantee that the historic performance of a Copyright will continue in the future.
- The Company's Target Dividend and target total return to Shareholders are based on a number of estimates and assumptions.
- The appreciation of musical compositions is inherently subjective and, for a number of reasons, might change.
- Save for the Letter of Intent there are no legally binding arrangements in place in respect of the proposed acquisition of the Pipeline Investments and there can be no guarantee or assurance the Company will acquire the Pipeline Investments or any of them.

*Key risks relating to Intellectual Property*

- The Company's ability to implement its Investment Policy and achieve its Investment Objective is dependent upon the Company being able to protect and exploit the intellectual property rights represented by Copyrights.

*Key risks relating to the music industry*

- The music industry is a fast evolving and dynamic industry and exposes the Company to numerous risks including reliance on royalties from Digital Media Platforms and that new technological innovations and developments might supersede streaming or otherwise render it non-competitive or obsolete.

### **3. KEY INFORMATION ON THE SECURITIES**

#### **3.1 What are the main features of the securities?**

##### **3.1.1 Shares**

The securities which the Company intends to issue under the Initial Issue are Ordinary Shares. The Company also intends to issue up to 750 million Shares pursuant to the Placing Programme.

The Shares are denominated in US Dollars. The Ordinary Shares are being offered under the Initial Issue at the Issue Price of US\$1.00 per Ordinary Share. Save as set out below, the minimum price at which Ordinary Shares will be offered under the Placing Programme will be equal to the Economic Net Asset Value per Ordinary Share, plus a premium to at least cover the costs and expenses of the relevant Subsequent Placing. Any C Shares issued under the Placing Programme will be issued at a price of US\$1.00 per C Share.

Notwithstanding the above, the Company (subject to any regulatory clearances and/or confirmations that the Company may require) shall be entitled (but not obliged) to issue Ordinary Shares at the Issue Price to investors in Round Hill Fund One that wish to re-invest any distributions received by them from Round Hill Fund One immediately following any disposal by Round Hill Fund One to the Company of all or any of the Pipeline Investments.

As at the date of this document, the issued share capital of the Company comprises one redeemable share of no par value and there has been no change in the issued share capital since incorporation.



### 3.1.2 Rights attaching to the Shares

The Shares have the following rights:

*Dividend:* The holders of the Shares shall be entitled to receive, and to participate in, any dividends declared in relation to the class of Shares that they hold.

*Rights as respect to capital:* On a winding-up or a return of capital, if there are any C Shares in issue, the net assets attributable to the C Shares of each class shall be divided *pro rata* amongst the holders of the C Shares attributable to each class. For so long as one or more classes of C Shares are in issue, the assets attributable to any class of C Shares shall at all times be separately identified and shall have allocated to them such proportion of the expenses or liabilities of the Company as the Directors fairly consider to be attributable to any class of C Shares in issue. The holders of Ordinary Shares shall be entitled (on a *pro rata* basis) to all of the Company's remaining net assets after taking into account any net assets attributable to any class of C Shares in issue.

*Voting:* The Shares shall carry the right to receive notice of, attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Share that they hold. The consent of the holders of the Shares will be required for the variation of any rights attached to the relevant class of Shares.

### 3.1.3 Restrictions on the free transferability of Shares

There are no restrictions on the free transferability of the Shares, subject to compliance with applicable securities laws.

### 3.1.4 Where will the securities be traded?

Application will be made to the London Stock Exchange for all of the Shares (issued and to be issued) to be admitted to trading on the Specialist Fund Segment. No application has been made or is currently intended to be made for the Shares to be admitted to listing or trading on any other stock exchange.

## 3.2 What are the key risks specific to the securities?

The attention of investors is drawn to the risks associated with an investment in the Shares which, in particular, include the following:

- The value of an investment in the Company, and the returns derived from it, if any, may go down as well as up and an investor may not get back the amount invested.
- The market price of the Shares may fluctuate independently of their underlying Economic NAV and may trade at a discount or premium to Economic NAV Value at different times.
- The Directors are under no obligation to effect repurchases of Shares. Shareholders wishing to realise their investment in the Company may therefore be required to dispose of their Shares in the market.
- It may be difficult for Shareholders to realise their investment and there may not be a liquid market in the Shares.

#### **4. KEY INFORMATION ON THE OFFER OF SECURITIES TO THE PUBLIC AND/OR THE ADMISSION TO TRADING ON A REGULATED MARKET**

##### **4.1 Under which conditions and timetable can I invest in this security?**

The Company is targeting an issue of 375 million Ordinary Shares pursuant to the Initial Issue comprising the Initial Placing and the Offer for Subscription. The maximum number of Ordinary Shares issued pursuant to the Initial Issue shall not exceed 400 million. Ordinary Shares will be issued pursuant to the Initial Issue at an Issue Price of US\$1.00 per Ordinary Share.

The Offer for Subscription will remain open until 1.00 p.m. on 10 November 2020 and the Initial Placing will remain open until 3.00 p.m. on 10 November 2020. If the Initial Issue is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

Following the Initial Issue, the Placing Programme may be implemented by Subsequent Placings pursuant to the Placing Programme.

The Directors are authorised to issue up to 750 million Shares pursuant to the Placing Programme (which does not include the Initial Issue) without having to first offer those Shares to existing Shareholders. The issue of Shares is at the discretion of the Directors.

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Shares over a period of time. The Placing Programme will open on 13 November 2020 and will close on 18 October 2021 (or an earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors).

Applications will be made for the Shares to be issued pursuant to the Initial Issue and the Placing Programme to be admitted to trading on the Specialist Fund Segment.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are not expected to exceed approximately US\$7.5 million, equivalent to 2 per cent. of the Gross Proceeds, assuming Gross Proceeds of US\$375 million. The costs and expenses will be deducted from the Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Economic Net Asset Value per Ordinary Share will be 98 cents, assuming Gross Proceeds of US\$375 million.

The costs and expenses of the Company of, or incidental to, each Subsequent Placing pursuant to the Placing Programme will depend on subscriptions received. The costs and expenses of any issue of Ordinary Shares will be covered by issuing such Ordinary Shares at a premium to the prevailing Economic Net Asset Value per Ordinary Share at the time of the issue. The costs of any issue of C Shares will be allocated solely to the C Share pool of assets of the relevant class of C Shares.

No dilution will result from the Initial Issue. If an existing Shareholder does not subscribe for C Shares and/or Ordinary Shares issued under the Placing Programme, such Shareholder's proportionate ownership and voting rights in the Company will be reduced.

The Initial Issue is conditional, *inter alia*, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 13 November 2020 or such later time and/or date as the Company, the Investment Manager and Cenkos may agree (being not later than 8.00 a.m. on 31 March 2021); (ii) the Placing and Offer Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds, being US\$200 million (or such lesser amount as the Company, the Investment Manager and Cenkos may agree) being raised.

Each issue of Shares pursuant to a Subsequent Placing under the Placing Programme, following the Initial Issue, is conditional, *inter alia*, on: (i) Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager and Cenkos may agree from time to time in relation to that Admission, not being later than 18 October 2021; (ii) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; (iii) the Placing Programme Price being determined by the Directors in consultation with Cenkos; and (iv) the Placing and Offer

Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

## **4.2 Why is this Prospectus being produced?**

### **4.2.1 Reasons for the Initial Issue and the Placing Programme**

The Initial Issue is intended to raise money for investment in accordance with the Company's Investment Policy in order to achieve its Investment Objective.

The Directors intend to use the Net Proceeds of the Initial Issue, after providing for the Company's operational expenses, to purchase investments in line with the Company's Investment Policy.

Following the Initial Issue, the Company may wish to issue further Shares to raise additional capital. The Directors intend to use the Net Proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's Investment Policy and for working capital purposes.

Neither the Initial Issue nor any Subsequent Placing will be underwritten.

### **4.2.2 Estimated Net Proceeds of the Initial Issue**

The Company is targeting an issue of 375 million Ordinary Shares pursuant to the Initial Issue. The Net Proceeds of the Initial Issue are dependent on the level of subscriptions received. Assuming Gross Proceeds are US\$375 million, the Net Proceeds of the Initial Issue will be approximately US\$367.5 million.

## 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 document, the following specific factors should be considered when deciding whether to make an investment in the Shares. The risks set out below are those that are considered to be the material risks relating to the Company and to an investment in the Shares but are not the only risks relating to the Company and to such investment in the Shares. No assurance can be given that Shareholders will realise profit on, or recover the value of, their investment in the Shares. It should be remembered that the price of securities can go down as well as up.

Prospective investors should note that the risks relating to the Company, its Investment Objective, Investment Policy and the Shares summarised in the section of this document 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 document headed "Summary" but also, among other things, the risks and uncertainties described in this "Risk Factors" section of this document. 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 document may also have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

The Specialist Fund Segment is 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 securities traded on the Specialist Fund Segment 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.

Potential investors in the Shares should review this document carefully 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 with no operating history**

The Company is a newly formed company with no operating history. As the Company lacks an operating history, investors have no basis on which to evaluate the Company's ability to achieve the Investment Objective.

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 and otherwise exploit the Company's Copyrights, the availability of investment opportunities consistent with the Investment Objective and the Company's ability to successfully implement its Investment Policy.

#### ***The Company is reliant upon the provision of services to it by third party service providers***

The Company has no employees and the Directors have all been appointed on a non-executive basis. The Company is, therefore, reliant upon the performance of third party service providers for the performance of certain functions. In particular, Round Hill will be performing services which are key to the successful achievement of the Investment Objective, while the Administrator and the Registrar will be performing services which are integral to the successful operation of the Company. Failure by any service provider (and, in particular, Round Hill, the Administrator and the 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 implement its Investment Policy and achieve the Investment Objective.

The Company has entered into contracts with each of its current service providers, including Round Hill, the Administrator and the Registrar. 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 Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

***The Company's performance may be adversely impacted by the coronavirus pandemic***

In January 2020, a new strain of coronavirus, COVID-19, was identified in Wuhan, China. On 11 March 2020, the World Health Organisation declared a pandemic. The longer term effects of the pandemic are uncertain and may have an adverse effect on the Company's financial condition and its ability to implement its Investment Policy and achieve the Investment Objective.

The Company anticipates that prolonged national or localised lockdowns that prescribe that people should stay in their homes, with the resultant closure of premises and venues (including live music venues/arenas, bars, hotels, shops, sports venues/arenas, cinemas and restaurants) will have the following adverse effects on the economic returns generated from Copyrights:

- a reduction in performance royalties generated from public performances (including in respect of music played at live concerts, bars, hotels, shops, sports venues/arenas, cinemas and restaurants);
- a reduction in mechanical and other royalties generated from the sale of physical products such as CDs, sheet music, greetings cards, toys and clothing; and
- a reduction in synchronisation royalties by virtue of motion pictures and television programming being curtailed and advertising expenditure being reduced by advertisers.

The severity and duration of the pandemic is difficult to predict. Likewise, the detrimental impact (including the extent to which positive factors such as increases in streaming might offset any negative factors) on the operation of the Company, to include the implementation of its Investment Policy and the achievement of its Investment Objective, is also difficult to predict.

***The bi-annual Economic NAV figures published by the Company will be estimates only, which may also be materially different from actual reported results appearing in the Company's IFRS financial statements***

The methodology used to calculate Economic NAV will, as set out in this document, be an industry standard approach based on a discounted cash flow analysis of cash flows discounted back to achieve a valuation and, as described in paragraph 6 of Part 1 of this document, arrive at the Economic NAV. It should be noted that the six monthly Economic NAV figures published by the Company are likely to materially vary from the IFRS NAV figures published in the Company's financial statements, which will be calculated under IFRS, which uses a different methodology to determine net asset values where the underlying asset class is, as with the case of Copyrights, an intangible asset. Specifically, under IFRS intangible assets are valued at initial cost and then amortised over the prescribed life of the asset.

In any event, the Economic NAV and IFRS NAV figures published by the Company (whether on a bi-annual basis or in its financial statements) may vary from actual realisable values. The Economic NAV and IFRS NAV figures published by the Company should be regarded as indicative only.

***The Company will be subject to global political and economic risks and risks associated with individual jurisdictions***

The Company will be exposed to various factors affecting political and economic conditions on both a domestic and worldwide scale. These factors include, for example, currency devaluation, exchange rate fluctuations, international trade negotiations and tariff disputes and political, economic, military and diplomatic trends and circumstances.

Without limiting the generality of the foregoing, as the business of the Company will be international in nature it will, in respect of individual jurisdictions (and particularly those which are emerging markets), be exposed to the following risks:

- local economic and political situations;
- exchange rate fluctuations;
- restrictions on income or capital repatriation;
- changes in the local legal or regulatory environment;
- changes to the local taxation regime; and
- observance of the rule of law and the enforceability, in an efficient and timely manner, of local law and regulation.

In particular, the United Kingdom left the European Union on 31 January 2020. The political, economic, legal and social consequences of this (and potential changes to the Company's regulatory position) and the ultimate outcome of continuing negotiations between the United Kingdom and the European Union, are currently uncertain and may remain uncertain for some time to come.

Should any of these risks materialise, they may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and consequently the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

#### **RISKS RELATING TO THE INVESTMENT MANAGER**

***The Company will be reliant upon Round Hill and its personnel to identify, evaluate, acquire (on behalf of the Company), administer and commercially exploit its investments***

Round Hill will, on a discretionary basis, be responsible for identifying and evaluating (including the commissioning of appropriate financial, legal and technical due diligence) appropriate investment opportunities on behalf of the Company and then overseeing the acquisition of such investments. Post-acquisition, Round Hill will also be responsible for the efficient administration of Copyrights, their commercial exploitation (including the collection of royalties) and the enforcement of the intellectual rights comprised in the Copyrights. The Company does not have any employees and its Directors serve in a non-executive capacity. Accordingly, the Company will be heavily reliant on Round Hill and its personnel and compliance by Round Hill with its obligations under the terms of the Investment Management Agreement and the Portfolio Administration Agreement.

The ability of Round Hill to comply with its obligations as outlined above will depend upon Round Hill's ability to retain, recruit and motivate appropriately qualified and experienced investment and other professionals. In the event of the departure of any such professionals there is no guarantee that Round Hill will be able to recruit suitable replacements. The failure by Round Hill to comply with its obligations under the Investment Management Agreement or the Portfolio Administration Agreement and/or retain and recruit appropriately qualified professionals may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

***There can be no assurance that the Company would be able to find a replacement investment manager or Portfolio administrator***

In the event of the termination of the Investment Management Agreement (on notice or otherwise) there can be no guarantee that a replacement investment manager with the necessary skills and experience could be identified or appointed on terms acceptable to the Company.

In the event of the termination of the Portfolio Administration Agreement (on notice or otherwise) there can be no guarantee that a replacement Portfolio administrator with the necessary skills and experience could be identified or appointed on terms acceptable to the Company.

The loss of the services of the Investment Manager may therefore have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently,

the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

***The Investment Manager and its affiliates may provide services to other clients which could compete directly or indirectly with the Company and this may result in conflicts of interest***

The Investment Manager and its affiliates are involved in other investment activities which may give rise to conflicts of interest with the Company. In particular, the Investment Manager does (and may in the future) manage funds and/or managed accounts and provide investment management and/or advisory services in relation to funds and/or managed accounts which have similar investment policies to that of the Company and in respect of which the Investment Manager has more favourable remuneration arrangements, but will not in any such circumstances, be liable to account for any profit assumed in respect of such services.

It is the policy of the Investment Manager, as further detailed on page 65 of this document under the heading "Conflicts of Interest", to allocate investment opportunities fairly and equitably among the Company and any other clients in accordance with established allocation procedures and protocols that have been agreed with the Board.

***The Management Fee and the Performance Fee are calculated by reference to market capitalisation***

The Management Fee and the Performance Fee are calculated by reference to the market capitalisation of the Company. The market capitalisation of the Company may be influenced by a number of factors including the underlying Economic NAV, the supply and demand for Shares and market sentiment towards the Company and/or the Investment Manager. This may result in higher payments being made to the Investment Manager than would otherwise be the case with investment funds where the remuneration arrangements for the investment manager are determined by reference to, for example, the underlying net asset value of the fund.

Notwithstanding the above, it is likely that the market capitalisation of the Company will, to a large extent, correlate to the underlying Economic NAV which in turn will be calculated by reference to unrealised gains in the Portfolio reflected in Economic NAV calculations. There can be no guarantee that these unrealised gains will actually be realised. These arrangements may create an incentive, particularly in respect of the Performance Fee, for the Investment Manager to make riskier or more speculative investments than it might otherwise make.

***The past performance of funds managed by the Investment Manager is not an assurance or an indication of the future performance of the Company***

The information contained in this document relating to the prior performance of funds managed by the Investment Manager is being provided for illustrative purposes only and is not indicative of the future performance of the Company. In considering the prior performance information contained in this document prospective investors should bear in mind that past performance is not necessarily indicative of future results and there can be no assurance that the Company will achieve comparable results or be able to avoid losses.

***The Investment Manager has the right, in specific circumstances, to purchase the Portfolio***

In the event that the Investment Manager terminates the Investment Management Agreement by virtue of: (i) the Company serving notice of termination on the Investment Manager; (ii) the winding-up or liquidation of the Company; (iii) the Investment Objective or the Investment Policy changing such that the Investment Manager is no longer able to perform its obligations under the Investment Management Agreement in accordance with the required service standard; or (iv) by virtue of the material breach by the Company of its obligations under the Investment Management Agreement, then the Investment Manager has, under the terms of the Investment Management Agreement, the unconditional right to purchase the then Portfolio. This right must be exercised by the Investment Manager serving notice on the Company within six months of the date of termination of the Investment Management Agreement. The purchase price payable for the Portfolio would be the higher of: (i) the fair market value of the Portfolio determined by an independent valuer; (ii) any price offered by a credible third party; and (iii) the market capitalisation of the Company adjusted to reflect the proportion of the assets of the Company not represented by the Portfolio.

## **RISKS RELATING TO THE INVESTMENT OBJECTIVE AND THE INVESTMENT POLICY**

### ***The Company may not meet its Investment Objective***

The Company may not meet its Investment Objective. Meeting the Investment Objective is a target but the existence of the Investment Objective should not be considered as an assurance or guarantee that it can or will be met.

The payment of future dividends and other distributions and the level of future dividends and distributions paid by the Company is subject to the discretion of the Directors and will depend upon, amongst other things, the Company successfully pursuing its Investment Policy and the Company's earnings, financial position, cash requirements, level and rate of borrowings and availability of profit, as well as the provisions of relevant loans and generally accepted accounting principles from time to time. There can be no assurance that any dividends or distributions will be paid in respect of any financial year or period and no guarantee that the Company will achieve the stated target total Shareholder returns referred to in this document and therefore achieve its Investment Objective.

### ***Risk associated with the exploitation of Copyrights***

Ultimately the success of the Company will depend upon its ability to identify and acquire (on acceptable terms) Copyrights that can, in terms of royalty and other income streams and revenues, be commercially exploited over the life of the Copyright. Although the Company intends to predominantly acquire Copyrights that have demonstrated enduring appeal and longevity, the appreciation of musical compositions is inherently subjective and can change. This change can be a response to changes in the popularity and appreciation of particular genres or, at a more individual level, the appreciation and reputation of a particular songwriter or artist.

In any event there can be no guarantee that the historic performance of a Copyright will continue in the future and meet the Company's expectations at the time of acquisition. This may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the total target returns to Shareholders.

### ***The Company's Target Dividend and annual target total return to Shareholders are based on estimates and assumptions***

The Target Dividend and annual target total return as set out in this document 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 Copyrights and the Catalogues of which they form part, changes in current market conditions, government regulations or other policies, the worldwide economic environment (including the continuing effect of the coronavirus pandemic), changes in law and taxation, failures in technology, terrorism, social unrest and civil disturbances or the occurrence of risks described elsewhere in this document. 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 achieve its Investment Objective successfully and are therefore subject to change.

The Directors may determine, in order to maintain the payment of dividends in accordance with the Company's dividend policy, to pay dividends out of capital. Any payment of a dividend from capital will only be made in compliance with the Companies Law, which requires the Company to pass a solvency test before paying a dividend. However, where the Company does pay a dividend from capital, such payment will reduce the amount of cash that can be deployed for investment purposes. The resulting lower investment level, or the replenishing of the investment level through the use of borrowing, could result in the actual returns on investments being materially lower than the targets.

There is no guarantee or assurance that the Target Dividend and annual target total return can be achieved at or near the levels as set out in this document 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 Target Dividend or annual target total return as set out in this document may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares.

### ***Valuation of Copyrights***

The standard valuation methodology applied to musical compositions is a discounted cash flow analysis based on a projection of cash flows over a period discounted back to achieve a valuation. The discount rate applied may vary based upon an assessment of the risks associated with the cash flows, interest rates and other factors. There can be no guarantee or assurance that historic earnings will be replicated in the future. Many subjective factors, such as the popularity or reputation of an artist, the genre of the music concerned and the vintage of the composition, might mean that future earnings (both in terms of royalties and other income) are less (and might be significantly less) than historic earnings. Also recent positive developments in the music industry (and particularly the impact of streaming) has seen the multiple applied (which are often arrived at for a number of arbitrary and subjective reasons) to historic earnings increase. Should future revenues not reflect historic earnings then an increased multiple will only exacerbate the perceived shortfall against valuation.

There can be no guarantee that the valuations attributable to Copyrights purchased by the Company (including those comprised in the Pipeline Investments) and the Economic NAV of the Company (which will be calculated using the methodology referred to above) will not be overstated and may not reflect the actual value of the Copyrights or Catalogues or the valuations at which they could be sold. This might have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of Shares and the Company's ability to deliver the target total returns to Shareholders.

### ***Pipeline Investments***

There are, aside from certain provisions of the LOI, no legally binding agreements or arrangements in place in respect of the proposed acquisition by the Company of the Pipeline Investments. The acquisition of the Pipeline Investments is subject to the satisfaction of a number of conditions including: (i) the receipt of an acceptable independent valuation and agreement on price; (ii) completion of satisfactory due diligence; (iii) approval of the Board; (iv) approval of the limited partner advisory committee of Round Hill Fund One; and (v) the negotiation and entering into of legally binding contractual documentation. There can be no guarantee or assurance that these conditions will be satisfied or that the Company will acquire the Pipeline Investments or any of them. If the Company is unable to acquire the Pipeline Investments this may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

### ***Availability of, and competition for, investment opportunities***

The Company will be operating in a very competitive market place and (irrespective of whether the Company is able to acquire the Pipeline Investments) there can be no guarantee that Round Hill will be able to source appropriate investment opportunities for the Company within contemplated timescales or at all. In addition the Company may face increasing competition in terms of sourcing and making investments. Some of the Company's competitors may have greater financial and marketing resources or a lower cost of capital and the Company may not be able to successfully compete with them. If Round Hill is not able to source appropriate investment opportunities this might have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of Shares and the Company's ability to deliver the target total returns to Shareholders.

### ***Adequacy of due diligence***

The acquisition of Copyrights is reliant on supporting documentation to demonstrate due ownership of the relevant intellectual property rights. Notwithstanding the fact that Round Hill will undertake, on behalf of the Company, extensive due diligence in respect of investment opportunities (including instructing third party service providers to undertake legal, financial and technical due diligence) this might not reveal all facts that may be relevant in connection with a proposed investment and/or

highlight issues that could affect the performance of an investment, leading to a risk that the returns on the investment might be lower than envisaged. Furthermore, as Copyrights are divisible, even proper due diligence may not reveal all competing claims of ownership or conflicts which may arise (whether such claims are legitimate or not). This might have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of Shares and the Company's ability to deliver the target total returns to Shareholders.

### ***Currency Risk***

The Company's investments may be subject to currency fluctuations between the US Dollar and any other currency in which income is earned by the Company. Hedging arrangements may be implemented on behalf of the Company if suitable hedging arrangements are available on terms acceptable to the Company. Implementation of hedging arrangements involves costs. There can be no guarantee that appropriate hedging arrangements will be available to the Company or that such arrangements will be successful in protecting against currency fluctuations.

### ***Use of Borrowings***

The Company may utilise borrowings for investment purposes. Whilst borrowing provides flexibility and presents opportunities for increasing returns, it can also have the opposite effect of increasing losses. While the Company's leverage is intended to be short term, if the income and returns on investments acquired with borrowings are less than the cost of the borrowings, the Economic NAV will decrease and this might have a material adverse effect on the Company's financial condition, business, prospects and results of operations and consequently, the Economic NAV, the IFRS NAV and/or market price of Shares and the Company's ability to deliver the target total returns to Shareholders.

## **RISKS RELATING TO INTELLECTUAL PROPERTY**

### ***Reliance upon intellectual property rights***

The Company's ability to implement its Investment Policy and achieve its Investment Objective is dependent upon the Company being able to protect and exploit the intellectual property rights represented by Copyrights, owned by the Company in relevant jurisdictions. In this regard the Company is subject to a number of risks including: (i) any due diligence exercise undertaken by, or on behalf of, the Company not revealing all or any issues or disputes relating to intellectual property rights; (ii) the Company being subject to intellectual property infringement claims; (iii) the Company having to bring claims to protect and/or enforce its intellectual property rights; (iv) the high costs that might be incurred in defending or bringing claims in respect of intellectual property; and (v) the fact that Copyrights exist for a finite duration. The Company will also be reliant upon governments and/or governmental agencies and courts in relevant jurisdictions implementing and maintaining robust and transparent laws and/or regulations for the protection and enforcement of intellectual property rights and all such laws being enforceable in an efficient and transparent manner. To the extent that any of these risks materialise, they may have a material adverse effect on the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

### ***Life of Copyright***

Copyrights do not exist in perpetuity. Rather, copyright protection grants a limited in time exclusive right and ownership over the bundle of rights that is subject to protection. The length of term, moreover, can vary by jurisdiction. In the United States the copyright term for works existing as of 1 January 1978 is generally 95 years from the date of publication. In the case of works created on or after 1 January 1978, copyright typically endures for the life of the last surviving author plus 70 years. While the term of copyright is in all instances many decades long, the consequences of a loss of copyright protection are terminal. After the expiration of the term of copyright, the subject work falls into the public domain and is no longer the subject of a claim to proprietary ownership. The loss of copyright in any title held by the Company will effectively eliminate its ability to generate revenue in respect of such work.

### ***Termination of Transfer***

The Catalogues that the Company will acquire have been accumulated by virtue of many transfers of copyright. Transfers of copyright, however, are subject to recapture by the granting party in two respects: (i) statutory termination; and (ii) the contractual reversion of rights.

With respect to statutory termination, the U.S. Copyright Act affords to the original owner of copyright (be they a composer, author, lyricist or other creator) a right, upon following specific formalised protocols, to terminate their grant of copyright (be it to a publisher or other assignee) after a specified period of time, even if the grant of rights itself is for the life of copyright. Generally speaking, grants of copyright in the US existing as of 1 January 1978 are subject to termination 56 years after the date of the registration or publication; grants of copyright on or after 1 January 1978 are subject to termination 35 years after the date of the grant of copyright. Round Hill endeavours to note dates of termination (if any) in its due diligence. The service of a notice of termination provides the grantor the opportunity to renegotiate the terms of the original license with the grantee. Failing such negotiation, on proper and timely service of a notice of termination, a grantee may lose its subsisting copyright interest in a previously acquired copyright. These statutory rights of termination in the US have generally been held to be inalienable. These rights inure to the benefit of a grantor's heirs upon their death. There is no automatic right of termination, however, under statute. The exercise of statutory rights of termination will require adequate notice being given to the Company, which would give the Company adequate time to act to protect its investment.

In addition to statutory reversion, a grant of a copyright interest may revert to the granting party by contractual terms. Not all grants of copyright purport to give rights for the life of copyright. Rights under some agreements may be recaptured by the granting party either by performance of some additional obligation (e.g. repayment of monies advanced under the contract) or by the expiration of a term of years. These contractual limitations will require the Company to track and monitor its obligations and rights granted under contracts with all copyright grantors.

## **RISKS RELATING TO THE MUSIC INDUSTRY**

### ***The music industry is fast evolving***

The music industry is a fast evolving and dynamic industry and whilst this presents opportunities for the Company it also exposes it to risks including:

- the Company will be heavily reliant on royalties generated from the streaming of music on Digital Music Platforms (“**DMPs**”) (such as Spotify, Apple Music and Pandora). Streaming is a relatively new technology. New technological innovations and developments might supersede streaming or otherwise render it non-competitive or obsolete;
- DMPs are a relatively new phenomenon in the music industry and have yet to demonstrate financial viability or longevity. It is possible that one or a small number of DMPs will come to dominate the streaming market and use its or their dominant market position to reduce royalty payments or otherwise hinder the Company in terms of the implementation of its Investment Policy;
- DMPs may change their business models by, for example, concentrating on paid for premium services, increasing the subscription prices for streamed music and/or seeking to reduce royalty rates paid to the holders of Copyrights. Such changes could negatively impact the royalties generated from the Company's Copyrights;
- in light of the rapid development of technology and evolving forms of music distribution via DMPs, existing laws and regulatory frameworks may become outdated or subject to legal challenge in respect of their applicability to emerging music platforms;
- some segments of the music industry are subject to antiquated legal frameworks that have not adapted to new forms of music transmission. The US Department of Justice (the “**DOJ**”) has for several years undertaken a review of consent decrees dating back to the 1940s that govern the way performance royalties are collected and paid by Performing Rights Organisations (“**PROs**”). The DOJ, however, has yet to take action to revise these consent decrees for the digital streaming era in a way that would benefit the Company's collection of performance rights royalties;

- some of the laws and regulations regarding the rates paid for streaming activities to content holders dictate that such rates are set outside of the free market and are instead determined by an empanelled tribunal, namely the Copyright Royalty Board in the US (the “CRB”). The CRB meets every five years to determine rates that govern royalties for streaming activity. While the CRB has in recent years implemented favourable increases in respect of the rates DMPs pay to content holders for streaming activity, those increases are the subject of an ongoing appeal to the DC Circuit Court of Appeals, with a decision that has yet to be rendered. An unfavourable decision on appeal could undo these streaming rate increases. Moreover, aside from the appeal, these rates may be the subject of future challenge by DMPs in additional proceedings before the CRB;
- DMPs in recent years have been the subject of several claims centred around the lack of transparency in royalty collection and distribution. Specifically, DMPs have been criticised for not being able to identify ownership information for all songs streamed on their platforms, leaving royalties which otherwise may be payable to stakeholders (like the Company) accrued without payment. Recent legislation was enacted in the US to address this issue (the Music Modernization Act) creating a new authority, the Mechanical Licensing Collective to remit all such accrued monies to stakeholders, such as the Company, and to create an authoritative database of composition ownership. This legislation, however, is still in its early stages of implementation. The Mechanical Licensing Collective is an entirely new organisation with no track record as of yet. By statute it will go into operation on 1 January 2021;
- globally performance royalties are typically collected, on behalf of publishers and songwriters, by PROs such as ASCAP, BMI and PRS for Music, of which there are a relatively small number. Should PROs alter the manner in which they collect royalties, fail to collect royalties or set lower royalty rates, this would negatively impact on the royalties generated from the Company’s Copyrights; and
- the collection of royalties (by virtue of many factors including the involvement of multiple parties and legacy reporting systems) can be obstructed and subject to significant delays.

These risks may have a material adverse effect on the Company’s financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or market price of the Shares and the Company’s ability to deliver the target total returns to Shareholders.

## **RISKS RELATING TO THE SHARES**

### ***The Shares may trade at a discount***

The price at which the Shares trade will likely not be the same as their Economic NAV (although they are related). The shares of investment companies have a tendency to trade at a discount to their net asset value and the Shares could in future trade at a discount to their Economic NAV for a variety of reasons, including due to market conditions or an imbalance between supply and demand for the Shares. While the Directors may seek to mitigate any discount through such discount management mechanisms as they consider appropriate, there can be no guarantee that they will do so or that such mechanisms will be successful. As a result of this, investors that dispose of their interests in the secondary market may realise returns that are lower than they would have realised if an amount equivalent to the Economic NAV was distributed.

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

The Company will apply for the Ordinary Shares to be issued pursuant to the Initial Issue and Subsequent Placings to be admitted to trading on the Specialist Fund Segment. However, there can be no guarantee that an active secondary market in the Ordinary Shares will develop or be sustained or that the Ordinary Shares will trade at prices close to their underlying Economic Net Asset Value per Ordinary Share.

The number of Ordinary Shares to be issued pursuant to the Initial Issue and the Placing Programme is not yet known and there may be a limited number of holders of Ordinary Shares. Limited numbers and/or holders of Ordinary Shares may mean that there is limited liquidity in such Ordinary 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 Ordinary 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 Ordinary Shares redeemed or repurchased by the Company at any time. While the Directors retain the right to effect repurchases of Ordinary Shares and to return capital in the manner described in this document, 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 Ordinary Shares through the secondary market. Accordingly, Shareholders' ability to realise their investment at the Economic Net Asset Value per Ordinary Share or at all is dependent on the existence of a liquid market for the Ordinary Shares they hold.

***The existence of a liquid market in any class of C Shares cannot be guaranteed***

The Company will apply for any class of C Shares that are issued in connection with any Subsequent Placing to be admitted to trading on the Specialist Fund Segment. Each class of C Shares will constitute a separate class of shares, with a separate underlying pool of assets and each class shall be independent of each other. Each class of C Shares will have the same rights and characteristics as any other class of C Shares. Each class of C Shares will have a separate Economic Net Asset Value per C Share (calculated by reference to the assets attributable to that class of C Shares divided by the number of C Shares issued in that class). There can be no guarantee that a liquid market in any class of C Shares will develop or be sustained or that the C Shares of any class will trade at prices close to their respective underlying Economic Net Asset Value per C Share. The number of C Shares to be issued pursuant to any Subsequent Placing is not yet known and there may be a limited number of holders of C Shares issued pursuant to Subsequent Placings. Limited numbers and/or holders of C Shares in a class may mean that there is limited liquidity in such class of C Shares which may affect: (i) a Shareholder's ability to realise some or all of their investment; (ii) the price at which such Shareholder can effect such realisation; and/or (iii) the price at which C Shares in that class trade in the secondary market. Accordingly, Shareholders may be unable to realise their investment in C Shares at Economic Net Asset Value per C Share or at all.

***Each class of Shares may have a higher concentration of investments than the investment limits set out in the Company's Investment Policy***

Each class of Shares will form a separate pool of assets and liabilities. In the case of each class of C Shares, it will remain a separate class of shares from the Ordinary Shares until Conversion.

Each class of C Shares will form a separate underlying pool of assets and liabilities from other classes of C Shares. The investment restrictions set out in the Company's Investment Policy, however, are measured against the gross assets of the Company as a whole without regard to which class of Shares they are attributable to. Consequently, a class of Shares may have a greater concentration in the assets attributable to that class of Shares than the investment limits set out in the Company's Investment Policy until all classes of C Shares issued under the Placing Programme have been converted into Ordinary Shares. This may result in a disproportionately large impact on one class of Shares over other classes of Shares.

***The Company may issue additional securities that dilute the voting rights of existing holders of Shares***

The Company may seek to issue new Shares in the future and there are no provisions of Guernsey law which confer rights of pre-emption in respect of the issue of Shares. While the Articles contain pre-emption rights for Shareholders in relation to issues of Shares in consideration for cash, such rights can be disapplied. Where pre-emption rights are disapplied (and they have been disapplied in respect of the issue of Shares pursuant to the Initial Issue and the Placing Programme), any additional issue of Shares will be dilutive to the voting interests of those Shareholders who cannot, or choose not to, participate in such issue of Shares.

**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 Manager***

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-incorporated, listed investment funds. The Company is also subject to the continuing obligations imposed on all investment companies whose shares are admitted to trading on the Specialist Fund Segment. The Company will voluntarily comply with some of the Listing Rules. However, the FCA will not monitor the Company's voluntary compliance with the Listing Rules nor will it impose sanctions in respect of any failure of such compliance by the Company.

Round Hill is subject to, and will be required to comply with, certain regulatory requirements that are applicable to it by virtue of it being regulated by the SEC and subject to the provisions of the U.S. Investment Advisers Act. While the U.S. Investment Advisers Act and its provisions are designed to protect investors, if the Investment Manager were to fail to comply with its obligations under the U.S. Investment Advisers Act, the Investment Manager may be prohibited from engaging in securities related business and may also be unable to fulfil its obligations under the Investment Management Agreement.

The laws and regulations affecting the Company and/or Round Hill 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 achieve its Investment Objective and may adversely affect the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

#### ***Withholding tax***

The Company intends that payments to the Company and/or any subsidiaries it establishes from time to time (including the UK Subsidiaries, together the "**Group**") will not be subject to withholding tax, however, there can be no guarantee that revenues received by members of the Group will not be subject to withholding taxes, as a result of adverse developments or changes in law, contrary conclusions by the relevant tax authorities, unanticipated characteristics of Shareholders, management errors, or other causes. The imposition of any unanticipated or withholding taxes could materially reduce the post-tax returns available for distributions on the Shares and, consequently, may adversely affect the Company's financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns to Shareholders.

#### ***Passive foreign investment company status***

The Company may be treated as a "passive foreign investment company" (often referred to as a "**PFIC**") for U.S. federal income tax purposes, which could have adverse consequences on U.S. investors. If the Company is classified as a PFIC for any taxable year, holders of Shares that are U.S. taxpayers may be subject to adverse U.S. federal income tax consequences. Further, prospective investors should assume that a "qualified electing fund" election, which, if made, could serve as an alternative to the general PFIC rules and could reduce any adverse consequences to U.S. taxpayers if the Company were to be classified as a PFIC, will not be available because the Company does not expect to provide the information needed to make such an election. A "mark-to-market" election may be available, however, if the Company's Shares are regularly traded. Prospective purchasers of Shares that are U.S. taxpayers are urged to consult with their own tax advisers concerning the U.S. federal income tax considerations associated with acquiring, owning and disposing of Shares in light of their particular circumstances.

#### ***Investment trust status***

Although the Company is incorporated in Guernsey, the Company will be domiciled in the UK for tax purposes. It is therefore the intention of the Directors to conduct the affairs of the Company so as to satisfy the conditions under sections 1158 to 1159 of the CTA 2010 and ongoing requirements under the Investment Trust (Approved Company) (Tax) Regulations 2011, for it to be approved by HMRC as an investment trust. In respect of each period for which the Company is an approved investment trust, the Company will be exempt from UK corporation tax on its chargeable gains and capital profits on loan relationships. The Company will also have access to an optional interest "streaming" regime which enables it to deduct from its taxable interest income the amount of dividend distributions to Shareholders that have been notionally designated as interest

distributions. There is a risk that the Company, having received approval of its investment trust status from HMRC, fails to maintain its status as an investment trust. In such circumstances, the Company would be subject to the normal rates of corporation tax on chargeable gains and capital profits arising on the transfer or disposal of investments and other assets, and on interest income which could adversely affect the Company's financial performance, its ability to provide returns to its Shareholders or the post-tax returns received by its Shareholders. In addition, it is not possible to guarantee that the Company will remain a non-close company, which is a requirement to maintain investment trust status, as the Shares are freely transferable. The Company, in the unlikely event that it becomes aware that it is a close company, or otherwise fails to meet the criteria for maintaining investment trust status, will, as soon as reasonably practicable, notify Shareholders of this fact.

***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.

***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 the United Kingdom have entered into an intergovernmental agreement (the "U.S. UK IGA") related to implementing FATCA which is implemented through the United Kingdom's domestic legislation. 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.

The United Kingdom has also implemented the Common Reporting Standard or "CRS" regime with effect from 1 January 2016. Accordingly, reporting in respect of periods commencing on or after 1 January 2016 is required in accordance with the CRS (as implemented in the United Kingdom).

Under the CRS and legislation enacted in Guernsey to implement the CRS, certain disclosure requirements are 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 the United Kingdom's domestic legislation in accordance with guidance issued by the OECD as supplemented by guidance notes in the United Kingdom. Under the CRS, disclosure of information will be made to HM Revenue and Customs in the United Kingdom for transmission to the tax authorities in other participating jurisdictions.

The requirements under FATCA, the Common Reporting Standard and similar regimes and any related legislation, intergovernmental agreements 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 financial condition, business, prospects and results of operations and, consequently, the Economic NAV, the IFRS NAV and/or the market price of the Shares and the Company's ability to deliver the target total returns 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 delegates, to provide such information as is necessary to comply with FATCA, the Common Reporting Standard and other 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 Common Reporting Standard and similar regimes concerning the automatic exchange of information and any related legislation, intergovernmental agreements and/or regulations.

***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.

***US tax on effectively connected income***

Although the Company intends to conduct its activities in a manner so as to not be treated as engaged in a U.S. trade or business, it is possible that income derived from certain of its activities may be deemed to be income effectively connected with a U.S. trade or business and thus subject to U.S. federal income taxation. The Company believes that it should not be treated as engaged in a U.S. trade or business, however, there can be no assurance that the Internal Revenue Service (IRS) or a court would agree with the Company's position or would not challenge such position. If the Company were found to be engaged in a U.S. trade or business, the Company would be required to file a U.S. federal income tax return and would be subject to U.S. federal income tax on its income and gain that is effectively connected with such U.S. trade or business at U.S. corporate tax rates. In addition, the Company would be required to pay a branch profits tax equal to 30 per cent. of the dividend equivalent amount for the taxable year, unless such rate is reduced under the U.S.-U.K. tax treaty.

Although Shareholders should not be subject to any U.S. reporting obligations or the payment of any U.S. tax directly, any tax liability at the Company level would affect a Shareholder's after-tax return.



## IMPORTANT INFORMATION

### GENERAL

No person has been authorised by the Company to issue any advertisement or to give any information or to make any representations in connection with the offering or sale of Shares other than those contained in this document and, if issued, given or made, such advertisement, information or representation must not be relied upon as having been authorised by the Company, the Investment Manager or Cenkos. Without prejudice to the Company's obligations under the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR, neither the delivery of this document nor any subscription for or purchase of Shares pursuant to the Initial Issue and/or the Placing Programme, under any circumstances, creates any implication that there has been no change in the affairs of the Company since, or that the information contained herein is correct at any time subsequent to, the date of this document.

Prospective investors should not treat the contents of this document 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 or other disposal of Shares; (ii) any foreign exchange restrictions applicable to the purchase, holding, transfer 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 or other disposal of, or subscription for Shares. Prospective investors must rely upon their own legal advisers, accountants and other financial advisers as to legal, tax, investment or any other related matters concerning the Company and an investment in the Shares.

This document should be read in its entirety before making any application for Shares. All Shareholders are entitled to the benefit of, and are bound by and are deemed to have notice of, the provisions of the Articles.

This document does not constitute, and may not be used for the purposes of, an offer or solicitation to anyone in any jurisdiction: (i) in which such offer or solicitation is not authorised; or (ii) 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 solicitation. The distribution of this document and the offering of Shares in certain jurisdictions may be restricted and accordingly persons into whose possession this document is received are required to inform themselves about and to observe such restrictions.

**An investment in the Shares should constitute part of a diversified investment portfolio. The Specialist Fund Segment is 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 securities traded on the Specialist Fund Segment is part of a diversified investment portfolio; 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.**

### GUERNSEY REGULATORY INFORMATION

The Company is registered with the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules.

The Directors have taken all reasonable care to ensure that the facts stated in this document are true and accurate in all material respects and that there are no other facts the omission of which would make misleading any statement in the document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

If you are in any doubt about the contents of this document you should consult your accountant, legal or professional adviser or financial adviser.

Each of the Administrator, the Registrar and the Receiving Agent has certain responsibilities under the AML Legislation to verify the identity of investors. Failure to provide the necessary documentation may result in applications being rejected or in delays in the dispatch of documents under the Initial Issue or the Placing Programme.

#### **FOR THE ATTENTION OF UNITED STATES RESIDENTS**

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 the Shares may not be offered, sold, exercised, resold, transferred or delivered, directly or indirectly, 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), 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 in the United States. There will be no public offer of the Shares in the United States. The Shares are being offered or sold outside the United States to non-U.S. Persons in offshore transactions in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Company has not been and will not be registered under the U.S. Investment Company Act and investors will not be entitled to the benefits of the U.S. Investment Company Act.

The Shares have not been approved or disapproved by the SEC, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States and any re-offer or resale of any of the Shares in the United States or to U.S. Persons may constitute a violation of U.S. law or regulation. Any person in the United States who obtains a copy of this document is requested to disregard it.

#### **FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN CANADA, JAPAN, AUSTRALIA OR THE REPUBLIC OF SOUTH AFRICA**

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

#### **FOR THE ATTENTION OF PROSPECTIVE INVESTORS IN THE EUROPEAN ECONOMIC AREA AND THE UNITED KINGDOM**

In relation to each Member State of the European Economic Area and the United Kingdom (each a “**Relevant State**”), no Shares have been offered or will be offered pursuant to the Initial Issue or the Placing Programme to the public in that Relevant State prior to the publication of a prospectus in relation to the Shares which has been approved by the competent authority in that Relevant State, or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, all in accordance with the Prospectus Regulation, except that offers of Shares to the public may be made at any time under the following exemptions under the Prospectus Regulation:

- to any legal entity which is a “qualified investor” as defined in the Prospectus Regulation;
- to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation) in such Relevant State; or
- in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

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 Regulation and each person who initially acquires any Shares or to whom any offer is made under the Initial Placing or the Placing Programme will be deemed to have represented, acknowledged and agreed that it is a “qualified investor” within the meaning of Article 2(e) of the Prospectus Regulation.

The expression an “offer to the public” in relation to any offer of Shares in any Relevant 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 the Shares, and the expression “Prospectus Regulation” means Regulation (EU) 2017/1129.

In addition, Shares will only be offered to the extent that the Shares: (i) are permitted to be marketed into the UK and/or the relevant EEA jurisdiction pursuant to the AIFM Directive; or (ii) can

otherwise be lawfully offered or sold (including on the basis of an unsolicited request from a professional investor).

Notwithstanding the foregoing, as the Shares will be admitted to the Specialist Fund Segment, the Shares are intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment.

#### **NOTICE TO PROSPECTIVE INVESTORS IN GUERNSEY**

The Initial Issue and Placing Programme is available, and is and may be made, and is being provided in or from within the Bailiwick of Guernsey only:

- by persons licensed to do so (or permitted by way of exemption granted) by the GFSC under the POI Law; or
- to persons licensed under the POI Law, the Banking Supervision (Bailiwick of Guernsey) Law, 1994, the Insurance Business (Bailiwick of Guernsey) Law, 2002, the Insurance Managers and Insurance Intermediaries (Bailiwick of Guernsey) Law, 2002 or the Regulation of Fiduciaries, Administration Businesses and Company Directors, etc. (Bailiwick of Guernsey) Law, 2000 by non-Guernsey bodies who: (i) carry on such promotion in a manner in which they are permitted to carry on promotion in or from within, and under the law of certain designated countries or territories which, in the opinion of the GFSC, afford adequate protection to investors; and (ii) meet the criteria specified in section 29(1)(cc) of the POI Law; or
- as otherwise permitted by the GFSC.

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.

The Initial Issue and Placing Programme and this document are not available in or from within the Bailiwick of Guernsey other than in accordance with the above paragraphs and must not be relied upon by any person unless made or received in accordance with such paragraphs.

#### **NOTICE TO PROSPECTIVE INVESTORS IN JERSEY**

The Initial Issue and Placing Programme that is the subject of this document may only be made in Jersey where the offer is valid in the United Kingdom or Guernsey 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 or Guernsey as the case may be. Consent under the Control of Borrowing (Jersey) Order 1958 has not been obtained for the circulation of the offer comprised in this document and it must be distinctly understood that the Jersey Financial Services Commission does not accept any responsibility for the financial soundness of or any representations made in connection with the Company. By accepting the offer comprised in this document each prospective investor in Jersey represents and warrants that he or she is in possession of sufficient information to be able to make a reasonable evaluation of the offer. Subject to certain exemptions (if applicable), offers for securities in the Company may only be distributed and promoted in or from within Jersey by persons with appropriate registration under the Financial Services (Jersey) Law 1998, as amended. Neither the Company nor the activities of any functionary with regard to the Company are subject to the provisions of the Financial Services (Jersey) Law 1998.

#### **NOTICE TO PROSPECTIVE INVESTORS IN THE ISLE OF MAN**

The Initial Issue and Placing Programme is available, and is and may be made, in or from within the Isle of Man and this document is being provided in or from within the Isle of Man only:

- by persons licensed to do so under the Isle of Man Financial Services Act 2008; or
- in accordance with any relevant exclusion contained in the Regulated Activities Order 2011 (as amended) or exemption contained in the Financial Services (Exemptions) Regulations 2011 (as amended).

The Initial Issue and Placing Programme and this document are not available in or from the Isle of Man other than in accordance with this paragraph and must not be relied upon by any person unless made or received in accordance with this paragraph.

## **NOTICE TO PROSPECTIVE INVESTORS IN IRELAND**

The Ordinary Shares will not be offered, sold, placed or underwritten in Ireland pursuant to the Initial Issue (a) except in circumstances which do not require the publication of a prospectus pursuant to the Irish Companies Act 2014, the European Union (Prospectus) Regulations 2019 (S.I. No. 380/2019)), as amended and any rules issued by the Central Bank of Ireland pursuant thereto; (b) otherwise than in compliance with the provisions of the Irish Companies Act 2014; (c) otherwise than in compliance with the provisions of the European Union (Markets in Financial Instruments) Regulations 2017, and the bookrunner(s) and any introducer appointed by the Company will conduct themselves in accordance with any codes or rules of conduct and any conditions or requirements, or any other enactment, imposed or approved by the Central Bank of Ireland with respect to anything done by them in relation to the Company; (d) otherwise than in compliance with the provisions of the European Union (Market Abuse) Regulations 2016 and any rules issued by the Central Bank of Ireland pursuant thereto; and (e) except to professional investors as defined in the AIFM Directive and otherwise in accordance with the AIFM Directive, Commission Delegated Regulation 231/2013, the Irish European Union (Alternative Investment Fund Managers) Regulations 2013 (S.I. no 257 of 2013), as amended, and any rules issued by the Central Bank of Ireland pursuant thereto.

## **NOTICE TO PROSPECTIVE INVESTORS IN SWITZERLAND**

Round Hill does not satisfy the requirements of the Swiss Financial Services Act (“**FINSA**”) and the Swiss Financial Services Ordinance which are subject to transitional periods, in particular the rules of conduct and the organisational requirements. Therefore investors do not benefit from the protection under the FINSA.

The Company has not been approved by the Swiss Financial Market Supervisory Authority FINMA (“**FINMA**”) as a foreign collective investment scheme for marketing to non-qualified investors pursuant to Article 120 of the Swiss Collective Investment Schemes Act (“**CISA**”).

The Company has not appointed and does not intend to appoint a Swiss paying agent and a representative. Accordingly, the Shares may only be offered or sold, and this document may only be provided, in or from Switzerland to regulated financial intermediaries such as banks, securities firms, fund management companies, asset managers of collective investment schemes, central banks, as well as regulated insurance institutions, or within one of the other exemptions set out under Article 3 paragraphs 1 and 2 letters a to c of the CISA in its version of 1 March 2013. This document and any other offering material relating to the Shares may only be made available within these restrictions. Investors in the Shares do not benefit from the specific investor protection provided by CISA and the supervision by the FINMA.

The Shares are not publicly offered within the meaning of the FINSA or the Swiss Code of Obligations (“**CO**”) and no admission to trading within the meaning of the FINSA is requested. As a consequence, this document is not a prospectus within the meaning of the FINSA, the CO or the CISA and may therefore not comply with the information standards required thereunder. This document is not a listing prospectus according to the listing rules of the SIX Swiss Exchange or of any other exchange platform and may therefore not comply with the information standards required thereunder or under the listing rules of any other Swiss exchange platform. As a consequence, this document has not been reviewed or approved by the FINMA, any reviewing body within the meaning of the FINSA or any other authority or self-regulatory body in Switzerland.

## **NOTICE TO PROSPECTIVE INVESTORS IN OTHER JURISDICTIONS**

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

## **INFORMATION TO DISTRIBUTORS**

Solely for the purposes of the product governance requirements contained within: (i) EU Directive 2014/65/EU on markets in financial instruments, as amended (“**Directive 2014/65/EU**”); (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing Directive 2014/65/EU; and (iii) local implementing measures (together, the “**MiFID II Product Governance Requirements**”), and disclaiming all and any liability, whether arising in tort, contract or otherwise,

which any “manufacturer” (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the Shares have been subject to a product approval process, which has determined that the Shares to be issued pursuant to the Initial Issue and Subsequent Placings are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in Directive 2014/65/EU; and (ii) eligible for distribution through all distribution channels as are permitted by Directive 2014/65/EU (the “**Target Market Assessment**”).

Notwithstanding the Target Market Assessment, distributors should note that: (i) the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; (ii) an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom, and (iii) the Shares will be admitted to the Specialist Fund Segment, which is intended for institutional, professional, professionally advised and knowledgeable investors who understand, or who have been advised of, the potential risk from investing in companies admitted to the Specialist Fund Segment. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Initial Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, Cenkos will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (i) an assessment of suitability or appropriateness for the purposes of Directive 2014/65/EU; or (ii) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the Shares.

Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels.

## **PRIIPS REGULATION**

In accordance with the PRIIPs Regulation, a Key Information Document in respect of the Ordinary Shares has been prepared by the Investment Manager and is available to investors at [www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com). If you are distributing the Ordinary Shares, it is your responsibility to ensure that the relevant Key Information Document is provided to any clients that are “retail clients”.

The Investment Manager is the only manufacturer of the Ordinary Shares for the purposes of the PRIIPs Regulation and Cenkos is not a manufacturer for these purposes. Cenkos makes no representations, express or implied, or accepts any responsibility whatsoever for the contents of any Key Information Documents prepared by the Investment Manager nor accepts any responsibility to update the contents of any Key Information Documents in accordance with the PRIIPs Regulation, to undertake any review processes in relation thereto or to provide such Key Information Documents to future distributors of Shares. Cenkos and its affiliates accordingly disclaim all and any liability whether arising in tort or contract or otherwise which it or they might have in respect of any Key Information Documents prepared by the Investment Manager.

## **DATA PROTECTION**

The information that a prospective investor in the Company provides in documents in relation to a subscription for Shares or subsequently by whatever means which relates to the prospective investor (if it is an individual) or a third party individual (“**personal data**”) will be held and processed by the Company (and any third party in Guernsey or the United Kingdom to whom it may delegate certain administrative functions in relation to the Company) in compliance with: (i) the relevant DP Legislation and regulatory requirements applicable in Guernsey and/or the United Kingdom as appropriate; and (ii) the Company’s privacy notice, a copy of which is available for consultation on the Company’s website at [www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com) (“**Privacy Notice**”) (and if applicable any other third party delegate’s privacy notice).

Without limitation to the foregoing, each prospective investor acknowledges that it has been informed that such information will be held and processed by the Company (or any third party,

functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) in accordance with and for the purposes set out in the Privacy Notice which include:

- verifying the identity of the prospective investor to comply with statutory and regulatory requirements in relation to anti-money laundering procedures;
- carrying out the business of the Company and the administering of interests in the Company; and
- meeting the legal, regulatory, reporting and/or financial obligations of the Company in Guernsey, the United Kingdom or elsewhere or any third-party functionary or agent appointed by the Company.

Where necessary to fulfil the purposes set out above and in the Privacy Notice, the Company (or any third party, functionary, or agent appointed by the Company, which may include, without limitation, the Registrar) will:

- disclose personal data to third party service providers, affiliates, agents or functionaries appointed by the Company or its agents to operate and administer the Company; and
- transfer personal data outside of Guernsey to countries or territories which do not offer the same level of protection for the rights and freedoms of prospective investors in Guernsey, provided that suitable safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

The foregoing processing of personal data is required in order to perform the contract with the prospective investor, to comply with the legal and regulatory obligations of the Company or otherwise is necessary for the legitimate interests of the Company.

If the Company (or any third party, functionary or agent appointed by the Company, which may include, without limitation, the Registrar) discloses personal data to such a third party, agent or functionary and/or makes such a transfer of personal data it will ensure that adequate safeguards are in place for the protection of such personal data, details of which shall be set out in the Privacy Notice or otherwise notified from time to time.

Prospective investors are responsible for informing any third party individual to whom the personal data relates of the disclosure and use of such data in accordance with these provisions. Individuals have certain rights in relation to their personal data; such rights and the manner in which they can be exercised are set out in the Privacy Notice.

## **PRESENTATION OF FINANCIAL INFORMATION**

The Company is newly formed and as at the date of this document has not commenced operations and has no assets or liabilities which will be material in the context of the Initial Issue and, therefore, no financial statements have been prepared as at the date of this document. All future statutory financial information for the Company will be prepared under IFRS.

Certain financial and statistical information contained in this document has been rounded to the nearest whole number or the nearest decimal place. Therefore, the actual arithmetic total of the numbers in a column or row in a certain table may not conform exactly to the total figure given for that column or row. In addition, certain percentages presented in the tables in this document reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculations were based upon the rounded numbers.

## **PRESENTATION OF MARKET AND OTHER DATA**

Market and economic data used throughout this document is sourced from various independent sources. The Company and the Directors confirm that such data has been accurately reproduced and, so far as they are aware and are able to ascertain from information published from such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

## **CURRENCY PRESENTATION AND EXCHANGE RATES**

Unless otherwise indicated, all references in this document to “£”, “pence” or “GBP” are to the lawful currency of the UK, all references in this document to “Euro” or “€” are to the lawful currency of the EU and all references in this document to “US\$” or “US Dollar” are to the lawful currency of the United States.

Where any sum in this document is expressed in more than one currency the relevant exchange rate used was the spot rate as at the close of business on 16 October 2020.

## **DEFINITIONS**

A list of defined terms used in this document is set out in Part 8 of this document.

## **EUROPEAN UNION LEGISLATION**

In this document there are references to various pieces of European Union legislation, for instance the AIFM Directive. The UK left the European Union on 31 January 2020 and is currently subject to a transitional and implementation period (“**TIP**”). During the TIP, EU law continues to apply to the UK as if it were still a member of the EU and references to EU legislation should be construed as reference to that legislation as enacted by the EU.

## **WEBSITES**

Without limitation, neither the contents of the Company’s or the Investment Manager’s website (or any other website) nor the content of any website accessible from hyperlinks on the Company’s or the Investment Manager’s website (or any other website) is incorporated into, or forms part of, this document, or has been approved by the FCA. Investors should base their decision whether or not to invest in the Shares on the contents of this document alone.

## **GOVERNING LAW**

Unless otherwise stated, statements made in this document are based on the law and practice currently in force in England and Wales and/or the law and practice of Guernsey and are subject to changes therein.

## **FORWARD LOOKING STATEMENTS**

This document contains forward looking statements, including, without limitation, statements containing the words “believes”, “estimates”, “anticipates”, “expects”, “intends”, “may”, “might”, “will” or “should” or, in each case, their negative or other variations or similar expressions. Such forward looking statements involve unknown risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievement of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward looking statements.

Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward looking statements. These forward looking statements speak only as at the date of this document. Subject to its legal and regulatory obligations (including under the Prospectus Regulation Rules), the Company expressly disclaims any obligations to update or revise any forward looking statement contained in this document to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based unless required to do so by law or any appropriate regulatory authority, including FSMA, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation and MAR.

Nothing in the preceding two paragraphs should be taken as limiting the working capital statement in paragraph 8 of Part 7 of this document.

## VOLUNTARY COMPLIANCE WITH THE LISTING RULES

The Listing Rules applicable to closed-ended investment companies which are listed on the premium listing segment of the Official List do not apply to the Company. The Specialist Fund Segment is a segment of the Main Market which is an EU regulated market and, therefore, the Company is subject to the Prospectus Regulation, the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, MAR and the Admission and Disclosure Standards. In addition, the Directors have resolved that, as a matter of best practice and good corporate governance, the Company will voluntarily comply with the following key provisions of the Listing Rules:

- the Company is not required to comply with the Listing Principles and Premium Listing Principles set out at Chapter 7 of the Listing Rules. Nonetheless, the Company will comply with these Listing Principles and Premium Listing Principles;
- the Company is not required to appoint a listing sponsor under Chapter 8 of the Listing Rules. It has appointed Cenkos as broker and financial adviser to guide the Company in understanding and meeting its responsibilities in connection with Initial Admission;
- the Company is not required to comply with the provisions of Chapter 9 of the Listing Rules regarding continuing obligations. The Company will comply with the following provisions of Chapter 9 of the Listing Rules: (i) Listing Rule 9.3 (Continuing obligations: holders); (ii) Listing Rule 9.5 (Transactions); (iii) Listing Rule 9.6.4 to Listing Rule 9.6.21 other than Listing Rule 9.6.19(2) and Listing Rule 9.6.19(3) (Notifications); (iv) Listing Rule 9.7A (Preliminary statement of annual results and statement of dividends); and (v) Listing Rule 9.8 (Annual financial report);
- the Company is not required to comply with the provisions of Chapter 11 of the Listing Rules regarding related party transactions. The Company will adopt a related party policy (in relation to which Cenkos, as financial adviser, will guide the Company) which shall apply to any transaction which it may enter into with any Director, the Investment Manager or any of their respective affiliates which would constitute a “related party transaction” as defined in, and to which would apply, Chapter 11 of the Listing Rules. In accordance with its related party policy, the Company shall not enter into any such related party transaction without first obtaining: (i) the approval of a majority of the Directors who are independent of the relevant related party; and (ii) a fairness opinion and/or a third party valuation (as appropriate) in respect of such related party transaction from an appropriately qualified independent adviser. This policy may only be modified with Shareholder approval. In particular: (i) transactions or arrangements of the nature set out in Listing Rule 11.1.5(2) (i.e. co-investments or joint provision of finance); or (ii) issues of new securities in, or a sale of treasury shares of, the Company to “Substantial Shareholders” pursuant to an offer to the public or a placing, on materially similar terms to those applicable to other subscribers or purchasers under such offer or placing, shall not be considered “related party transactions”;
- notwithstanding the above provisions, and aside from the acquisition by the Company of the Pipeline Investments, any transaction whereby the Group intends to acquire assets from investment funds, other entities or managed accounts that are managed or advised by Round Hill or any of its affiliates, shall be subject to the prior approval of Shareholders by way of an ordinary resolution;
- in addition, the Company will not make any material changes to the Investment Management Agreement without the approval of Shareholders by way of an ordinary resolution. For these purposes, and without limitation, any proposed changes to the Management Fee, the Performance Fee or the term of the Investment Management Agreement shall be deemed to be “material”. In the event that the Ordinary Shares are, in the future, admitted to listing on the Premium Listing Segment of the Official List, the Company will become subject to the provisions of Chapter 11 of the Listing Rules regulating “related party transactions”;
- the Company is not required to comply with the provisions of Chapter 12 of the Listing Rules (Dealing in own securities and treasury shares). Nonetheless, the Company has adopted a policy consistent with the provisions of Listing Rules 12.4.1 and 12.4.2;



- the Company is not required to comply with the provisions of Chapter 13 of the Listing Rules regarding contents of circulars. The Company however will comply with the following provisions of Chapter 13 of the Listing Rules: (i) Listing Rule 13.3 (Contents of all circulars); (ii) Listing Rule 13.7 (Circulars about purchase of own equity shares); and (iii) Listing Rule 13.8 (Other circulars);
- where the approval of Shareholders is required above for, (i) a material change to the Investment Management Agreement or (ii) the acquisition of assets (other than the Pipeline Investments) by the Group from an investment fund, other entity or managed account that is managed or advised by Round Hill or any of its affiliates, the circular issued by the Company in connection with such Shareholder vote shall comply with the requirements of Listing Rule 13.6 (save that the references to a sponsor in Listing Rules 13.6.1(5) and 13.6.3 shall be read as a reference to the Company's financial adviser); and
- the Company is not required to comply with the provisions of Chapter 15 of the Listing Rules (Closed-Ended Investment Funds: premium listing). Nonetheless, the Company will comply with the following provisions of Chapter 15 of the Listing Rules: (i) Listing Rule 15.4.2 to Listing Rule 15.4.11 (Continuing obligations) (other than Listing Rule 15.4.8(2)); (ii) Listing Rule 15.5 (Transactions) (as modified above); and (iii) Listing Rule 15.6 (Notifications and periodic financial information) (as modified above).

**The Shares will not be admitted to the Official List. Therefore the Company has not been required to satisfy the eligibility criteria for admission to listing on the Official List and is not required to comply with the Listing Rules. The London Stock Exchange has not examined or approved the contents of this document.**

**It should be noted that the FCA does not have the authority to monitor the Company's voluntary compliance with the Listing Rules applicable to closed-ended investment companies which are listed on the Specialist Fund Segment nor will it impose sanctions in respect of any failure of such compliance by the Company.**

**FCA authorised firms conducting designated investment business with retail customers under COB Rules are reminded that securities admitted to trading on the Specialist Fund Segment will be securities that may have characteristics such as: (i) variable levels of secondary market liquidity; (ii) sophisticated corporate structures; (iii) highly leveraged structures; and (iv) sophisticated investment propositions with concentrated risks and are therefore intended for institutional, professional and knowledgeable investors.**

## EXPECTED TIMETABLE

### Expected Initial Issue Timetable

Publication of this document and Initial Placing and Offer for Subscription open	19 October 2020
Latest time and date for applications under the Offer for Subscription	1.00 p.m. on 10 November 2020
Latest time and date for receipt of commitments under the Initial Placing	3.00 p.m. on 10 November 2020
Announcement of the results of the Initial Issue	8.00 a.m. on 11 November 2020
Admission and dealings in the Ordinary Shares issued pursuant to the Initial Issue commence	8.00 a.m. on 13 November 2020
Crediting of CREST stock accounts in respect of the Ordinary Shares issued pursuant to the Initial Issue	as soon as practicable after 8.00 a.m. on 13 November 2020
Where applicable, definitive share certificates despatched in respect of the Ordinary Shares	week commencing 23 November 2020 (or as soon as possible thereafter)

### Expected Placing Programme Timetable

Placing Programme opens	13 November 2020
Announcement of the results of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Admission and crediting of CREST stock accounts in respect of each Subsequent Placing	as soon as practicable after the closing of each Subsequent Placing pursuant to the Placing Programme
Where applicable, definitive share certificates despatched in respect of Shares issued pursuant to each Subsequent Placing	approximately one week after the Admission of Shares pursuant to a Subsequent Placing
Placing Programme closes and last date for Shares to be issued pursuant to the Placing Programme	18 October 2021

The dates and times specified are subject to change subject to agreement between the Company, the Investment Manager and Cenkos. All references to times in this document are to London time unless otherwise stated. Any changes to the expected timetable will be notified by the Company via a Regulatory Information Service.

## INITIAL ISSUE AND PLACING PROGRAMME STATISTICS

### Initial Issue Statistics

Issue Price	US\$1.00
Target number of new Ordinary Shares being issued	375 million
Gross Proceeds*	US\$375 million
Estimated Net Proceeds*	US\$367.5 million
Estimated Economic Net Asset Value per Ordinary Share at Initial Admission*	98 cents

\* Assuming Gross Proceeds of US\$375 million. The Company is targeting Gross Proceeds of US\$375 million subject to a maximum of US\$400 million. The Minimum Gross Proceeds are US\$200 million (or such lesser amount as the Company, the Investment Manager and Cenkos agree). The number of Ordinary Shares to be issued pursuant to the Initial Issue, and therefore the Gross Proceeds and the Net Proceeds of the Initial Issue, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service prior to Initial Admission. If the Initial Issue does not proceed (because the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Cenkos agree) are not raised or otherwise), subscription monies received will be returned without interest at the risk of the applicant to the applicant from whom the money was received, within 14 calendar days.

### Placing Programme Statistics

Maximum size of the Placing Programme	750 million Shares
Minimum Placing Programme Price	in respect of the Ordinary Shares, at least Economic Net Asset Value per Ordinary Share plus a premium intended to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions)** or in respect of an issue of C Shares, US\$1.00 per C Share

\*\* Notwithstanding the above, the Company (subject to any regulatory clearances and/or confirmations that the Company may require) shall be entitled (but not obliged) to issue Ordinary Shares at the Issue Price to investors in Round Hill Fund One that wish to immediately re-invest any distributions received by them from Round Hill Fund One following any disposal by Round Hill Fund One to the Company of all or any of the Pipeline Investments.

## DEALING CODES

The dealing codes for the Ordinary Shares will be as follows:

ISIN	GG00BMXNVC81
SEDOL	BMXNVC8
Ticker	RHM

The dealing codes for the C Shares will be as follows:

ISIN	GG00BMGWM188
SEDOL	BMGWM18
Ticker	RHMC

## DIRECTORS, MANAGEMENT AND ADVISERS

<b>Directors (all non-executive)</b>	Trevor Bowen (Chairman) Caroline Chan Francis Keeling  all of the registered office below:
<b>Registered Office</b>	Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT
<b>Investment Manager and Portfolio Administrator</b>	Round Hill Music LP 650 Fifth Avenue Suite 1420 NY, 10019, USA
<b>Administrator and Company Secretary</b>	JTC Fund Solutions (Guernsey) Limited Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT
<b>Financial Adviser and Bookrunner</b>	Cenkos Securities PLC 6-8 Tokenhouse Yard London EC2R 7AS
<b>Solicitors to the Company as to English law</b>	Gowling WLG (UK) LLP 4 More London Riverside London SE1 2AU
<b>Solicitors to the Company as to Guernsey law</b>	Carey Olsen (Guernsey) LLP Carey House Les Banques Guernsey GY1 4BZ
<b>Solicitors to the Financial Adviser and Bookrunner</b>	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH
<b>Registrar</b>	JTC Registrars Limited Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT
<b>Receiving Agent</b>	JTC Registrars Limited Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT
<b>Principal Bankers</b>	Lloyds Bank PLC PO Box 136, Sarnia House, Le Truchot, St Peter Port, Guernsey GY1 4EN
<b>Reporting Accountants</b>	Ernst & Young LLP Royal Chambers St Julians Avenue St Peter Port Guernsey GY1 4AF

**Auditor**

KPMG Channel Islands Limited  
Glategny Court  
Glategny Esplanade  
St Peter Port  
Guernsey  
GY1 1WR

## PART 1: INFORMATION ON THE COMPANY

### 1. INTRODUCTION

The Company is a newly incorporated non-cellular Guernsey company limited by shares and is registered with the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules. The Company intends to be UK resident for taxation purposes and to carry on business as an investment trust within the meaning of Section 1158 of CTA 2010.

The Company's Investment Objective is to provide investors with an attractive level of regular and growing income and capital returns from investment primarily in high quality, music intellectual property.

The Company has appointed Round Hill as its investment manager to manage its assets on a discretionary basis. Round Hill, which is the seventh largest music publisher in the U.S. and is a fully integrated owner and operator of music copyright properties, will focus on sourcing iconic Copyrights that it believes have an established place in culture, a history of stable royalties and potential for future exploitation. Round Hill will also be responsible for the administration of the Company's assets including the collection of royalties.

Founded in 2010, Round Hill is dedicated to acquiring and managing music copyright properties with in-house, full-service copyright registration and royalty collection, licensing administration and synchronisation operations. Headquartered in New York, Round Hill has additional offices in Nashville, Los Angeles and London. Since its inception, Round Hill has completed more than 70 Catalogue investments deploying over US\$650 million on behalf of funds that it manages. Portfolios managed by Round Hill contain over 128,000 songs and are diversified across artist, genre, decade and royalty type. Catalogues managed by Round Hill contain copyrights for songs performed by artists including: The Beatles, The Rolling Stones, Frank Sinatra, Billie Holiday, Ella Fitzgerald, Miles Davis, James Brown, Katy Perry, Bon Jovi, Celine Dion, Backstreet Boys, N Sync, Bruno Mars, Aerosmith, Blake Shelton, The Supremes, Meatloaf, Judas Priest, Black Sabbath, Eric Carmen, Barbara Streisand and Marvin Gaye.

Round Hill has an experienced management and investment team with an established reputation and extensive knowledge of the music and finance industries. The management team collectively has over 200 years of experience of operating in the music, finance and legal industries. The broader team consists of an additional 40 plus professionals who combine both music industry and financial expertise. The team has strong industry relationships with Copyright holders, publishers and music and entertainment executives, which historically has allowed Round Hill to access proprietary deal flow and create value following the acquisition of a Catalogue. Further information on Round Hill's management and investment teams can be found in paragraph 6 of Part 3 of this document.

As of 13 October 2020 Round Hill had over US\$760 million of funds under management. Round Hill is a registered investment adviser under the U.S. Investment Advisers Act and is regulated by the SEC.

Round Hill and individual members of its management team have committed to subscribe, in aggregate, for US\$10 million in the Initial Issue. Such shares will be subject to a lock-in period of 24 months.

Round Hill has identified a portfolio of Catalogues with established steady state revenues from well-known songwriters and artists which it believes are consistent with the Company's Investment Policy. The Pipeline Investments\* are well known to the Investment Manager as they comprise the existing investments of Round Hill Fund One, a private fund whose investments are managed by Round Hill. On completion of a successful due diligence exercise, a transparent and independent valuation process, agreement of contractual documentation and, subject to the Board's approval, it is anticipated that the Company will acquire some or all the Pipeline Investments within six months of Initial Admission. Further information on the Pipeline Investments can be found in paragraph 3 of Part 1 of the document.

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\* Investors should note that, aside from certain provisions of the LOI, there are no legally binding agreements in place concerning the acquisition of the Pipeline Investments and there can be no guarantee that any such agreements will be entered into or that the Company will acquire all or some of the Pipeline Investments.

Application will be made to the FCA, for all of the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment. It is expected that Initial Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. on 13 November 2020.

It is the current intention of the Company that, in due course and subject to meeting all necessary eligibility criteria, the Company will apply for its Shares to be admitted to the premium listing segment of the Official List.

## 2. INVESTMENT OBJECTIVE AND POLICY

### ***Investment Objective***

The Company's Investment Objective is to provide investors with an attractive level of regular and growing income and capital returns from investment primarily in high quality, music intellectual property.

### ***Investment Policy***

In order to achieve its Investment Objective the Company will invest in a songwriter's copyright interest in a musical composition or song (being their writer's share, their publisher's share and their performance rights) together with the rights in the recording of the musical composition or song (known as the master recording rights) ("**Copyrights**") together with all such rights and assets considered by the Investment Manager to be ancillary thereto.

Although typically the Company anticipates acquiring the entirety of a copyright owner's interest in a musical composition or song, the Company may acquire a lesser or minority interest in a Copyright or Catalogue and enter into joint venture or other arrangements in respect of the same.

The Company intends to invest in small to medium sized Catalogues (typically 100-1000 Copyrights) that are diversified by artist, genre, decade and royalty type. The Company also intends to invest predominantly in classic, older Copyrights with enduring appeal and which experience consistent usage. Such compositions have generally reached a steady state of earnings and are stabilised and not subject to the natural decline in earnings and value that typically occurs within the initial ten years of a composition's life.

Typically, the revenue generated by the Copyrights will comprise:

- *Performance royalties*: generated from public performance, broadcasting and digital streaming. This includes: terrestrial and satellite radio and television broadcasts, live concerts, music in bars, hotels, restaurants, shops, sporting events, cinemas, YouTube and internet performances and theatrical performances.
- *Mechanical royalties*: fees the copyright owner receives upon the sale of any recording for the use of the underlying musical composition. Every time a digital download or a physical CD is sold a mechanical royalty is paid to the owner of the copyright.
- *Synchronisation royalties*: collected when the copyright is used in movies, television programming, advertising, ringtones and video games.
- *Digital interactive royalties*: digital royalties from interactive streaming services are considered a hybrid of mechanical and performance royalties. In the UK and USA, 50 per cent. of the royalty is paid by the streaming service as a performance royalty to the relevant Performing Rights Organisations around the world. The remaining 50 per cent. is treated as a mechanical royalty payable to the owner of the copyright.
- *Other royalties*: for example royalties generated from print or sheet music, greeting cards, toys and clothing, and theatre music.
- *Royalties and fees payable in respect of master recordings*: master recordings are the copyright in the master recording of a musical composition or song. They earn synchronisation royalties and generate income from sales of both physical and digital records as well as from the streaming services. Additionally, master recordings earn significant royalties from digital radio, YouTube and similar streaming platforms.



The Company will seek to acquire both the publishing and administration rights (being the right to collect royalties and revenues and commercially exploit the Copyrights) in Copyrights thereby allowing it not only to collect all or some portion of the royalty revenues but also to create value and unlock upside through diligent and creative Catalogue management.

The majority of the returns from the Company's investments will be derived from the royalty streams. However, Round Hill will seek to enhance returns through improved royalty collection, pro-active licensing activity and increased usage and song exposure.

The Company may acquire Copyrights for consideration comprising cash and/or Shares. It may also acquire vehicles (or interests in such vehicles) that own Catalogues as opposed to the Catalogues themselves. It may also, subject to the approval of the Board and Shareholder approval, acquire Copyrights and Catalogues from the Investment Manager, parties related to the Investment Manager and funds managed by the Investment Manager.

### ***Investment Restrictions***

The Company will observe the following investment restrictions calculated, where relevant, at the point of investment:

- when fully invested the Portfolio will comprise not less than 15 Catalogues;
- when fully invested the Portfolio will comprise not less than 5,000 musical compositions;
- the value of Copyrights from a single songwriter will not represent more than 25 per cent. of Gross Asset Value;
- the value of a Copyright in a single song will not represent more than 20 per cent. of Gross Asset Value;
- when fully invested, not more than 20 per cent. of the Gross Asset Value will be represented by Copyrights that are less than 5 years old; and
- the Company will not invest in closed-ended investment companies or other investment funds.

### ***Borrowing Policy***

The Company may, from time to time, be geared through the use of borrowings. Borrowings would principally be used for investment purposes. Gearing represented by borrowing will not exceed 25 per cent. of Economic NAV, calculated at the point of drawdown.

### ***Hedging and Derivatives***

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

### ***Cash Management***

Pending investment, cash may be in cash or cash equivalents, money market instruments, bonds, commercial paper or other debt obligations with banks or other counterparties having a single – A (or equivalent) or higher credit rating as determined by an internationally recognised rating agency.

### ***Amendments to, and compliance with, the Investment Objective and the Investment Policy***

No material change will be made to the Investment Objective or the Investment Policy without the approval of Shareholders given by way of ordinary resolution in general meeting.

In the event of a breach of the Investment Policy and/or the investment restrictions set out above, the Investment Manager shall inform the Board as soon as practicable upon becoming aware of the breach. If the Board considers the breach to be material, notification will be made through an announcement via a Regulatory Information Service.

### 3. PIPELINE INVESTMENTS AND INITIAL INVESTMENT PERIOD

The Investment Manager has identified a portfolio of Catalogues the acquisition of which would be consistent with the Company's Investment Policy and the achievement of its Investment Objective. The Pipeline Investments comprise the existing investments of Round Hill Fund One, a private fund whose investments are managed by Round Hill. As at the date of this document, save for certain provisions of the LOI, no binding legal agreements have been entered into in connection with the acquisition of the Pipeline Investments and the entering into of any such agreements will be subject, *inter alia*, to satisfactory due diligence being carried out in respect of the Pipeline Investments, independent valuation, agreement on price and the approval of the limited partnership advisory counsel to Round Hill Fund One. In addition, given the "related party" nature of the proposed acquisition of the Pipeline Investments, it will also be subject to the approval of the Board, which intends to instruct Cenkos, as financial adviser, to advise it in connection with the proposed acquisition of the Pipeline Investments. The Pipeline Investments have the following characteristics:

- US\$363 million independent valuation as at 30 June 2020;
- historic organic growth rate of 4-5 per cent. per annum;
- over 120,000 musical compositions;
- 40 plus individual Catalogues;
- over 80 per cent. of the income generated by the top 25 musical compositions were in respect of compositions written between 1950 and 2010;
- diversified in terms of genre (Rock (approximately 32 per cent.), Country (approximately 24 per cent.), Pop (approximately 23 per cent.), Classical R&B (approximately 6 per cent.) and Various (approximately 15 per cent.));
- diversified in terms of income type (performance (approximately 38 per cent.), master recordings (approximately 22 per cent.), synchronisation (approximately 22 per cent.), mechanical (approximately 16 per cent.) and other (approximately 2 per cent.));
- generated net royalty income in excess of US\$115 million to date; and
- 17 per cent. plus gross IRR return achieved.

Should the Pipeline Investments be acquired it is anticipated that the consideration would utilise substantially all the Net Proceeds of the Initial Issue. **Investors should note that, aside from certain provisions of the Letter of Intent (details of which are set out below), there are no legally binding agreements in place concerning the acquisition of the Pipeline Investments and there can be no guarantee that any such agreements will be entered into or that the Company will acquire all or any of the Pipeline Investments.**

The Company and Round Hill Fund One have entered into a Letter of Intent under the terms of which Round Hill Fund One has granted the Company a period of exclusivity (which expires on 3 December 2020) to carry out due diligence into the Pipeline Investments and, subject to the satisfaction of the conditions mentioned above, complete the acquisition of some or all of the Pipeline Investments. Under the terms of the LOI, Round Hill Fund One has also agreed to pay the Company a break fee should Round Hill Fund One, in the 3 month period following the expiry of the exclusivity period, dispose of all or a substantial part of its assets to a third party or if substantially all of the limited partnership interests in Round Hill Fund One are disposed of to a third party.

The maximum price to be paid by the Company for the Pipeline Investments is US\$363 million. In the event that the Net Proceeds of the Initial Issue are lower than the Company's target amount of US\$375 million, the Company intends to deploy substantially all of such Net Proceeds in acquiring a proportionate part of the Pipeline Investments at the same valuation.

In addition to the proposed acquisition of the Pipeline Investments, Round Hill and its management team have strong industry relationships with Copyright holders, publishers and music and entertainment executives which, to date, have allowed Round Hill to access a proprietary deal flow. Typically the Investment Manager appraises more than 100 transactions per annum, has US\$200 million of transactions under active consideration at any one time and has a longer term pipeline of investment opportunities with a value of between US\$500 million

and US\$1 billion. Accordingly, the Company and Round Hill believe that suitable acquisition opportunities exist which would allow the balance of the Net Proceeds to be deployed within 12 months following Initial Admission.

In the event that:

- (i) the acquisition of the Pipeline Investments (or a proportionate part thereof) has not completed within six months of Initial Admission, the balance of the Net Proceeds will be returned to Shareholders; and/or
- (ii) without prejudice to (i) above, substantially all of the Net Proceeds of the Initial Issue have not been invested within 12 months of Initial Admission, the balance of the uninvested cash will be returned to Shareholders,

and any such return of capital shall be on such terms and in such manner as the Directors may determine subject to, and in accordance with, the Articles and the Companies Law.

Pending the acquisition by the Company of the Pipeline Investments (or a proportionate part thereof) the Company will not make any other investments pursuant to its Investment Policy.

#### **4. DIVIDEND POLICY AND TARGET TOTAL RETURN**

The Directors will seek to maintain and grow the dividend over the long term.

The Company intends to pay dividends on a quarterly basis with dividends typically declared in respect of the quarterly periods ending March, June, September and December and paid in June, September, December and March respectively. The first interim dividend is expected to be declared in respect of the period from Initial Admission to March 2021 and paid in June 2021.

Distributions made by the Company may take either the form of dividend income, or of “qualifying interest income” which may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company’s distributions may vary for a Shareholder depending on the classification of such distributions. **Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.**

The Company will target an annualised dividend yield of 4.5 per cent. by reference to the Issue Price (the “**Target Dividend**”).

The Company is targeting a net total Shareholder return of 9 per cent. to 11 per cent. per annum over the medium to long term.

If any C Shares are issued, holders of any class of C Shares following Initial Admission will be entitled to participate in any dividends and other distributions of the Company as the Directors may resolve to pay to holders of that class of C Shares out of the assets attributable to that class of C Shares. For the avoidance of doubt, the targets set out above shall not apply with respect to any tranche of C Shares prior to the conversion of the C Shares into Ordinary Shares.

**The Target Dividend and return targets stated above are targets only and not profit forecasts. There can be no assurance that these targets will be met, or that the Company will make any distributions at all and they should not be taken as an indication of the Company’s expected future results. The Company’s actual returns will depend upon a number of factors, including but not limited to the size of the Initial Issue, the Company’s net income and level of ongoing charges. Accordingly, potential investors should not place any reliance on these targets in deciding whether or not to invest in the Company and should decide for themselves whether or not the Target Dividend and target total return are reasonable or achievable.**

Investors should note that references in this paragraph 4 to “dividends” and “distributions” are intended to cover both dividend income and income which is designated as an interest distribution for UK tax purposes and therefore subject to the interest streaming regime applicable to investment trusts.

**Dividends will be subject to compliance with the solvency test prescribed by Guernsey law.**

**In accordance with regulation 19 of the Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15 per cent. of its income (as calculated for UK tax purposes) in respect of an accounting period.**

## **5 REPORTS AND ACCOUNTS AND GENERAL MEETINGS**

The audited report and accounts of the Company will be prepared in US\$ under IFRS on a consolidated basis. The Company's annual report and accounts will be prepared to 31 December each year with the first accounting period of the Company being from the date of the Company's incorporation on 5 August 2020 to 31 December 2021. 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 June 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 Company's Administrator and on the Company's website, [www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com).

All general meetings will be held in the UK. The Company will hold its first annual general meeting by 31 December 2021 and will hold an annual general meeting each year thereafter. Other general meetings may be convened from time to time by the Directors by sending notices to Shareholders.

The Company also intends to publish a quarterly factsheet on its website.

## **6. CALCULATION AND PUBLICATION OF ECONOMIC NAV**

The Company intends to publish its IFRS NAV and its Economic NAV, as calculated in accordance with the process described below, on a semi-annual basis. The Economic NAV will be calculated in US Dollars and published by a RIS announcement and published on the website of the Company. The Economic NAV and IFRS NAV are expected to be published within 60 days of each semi-annual period end. The IFRS NAV will be independently audited annually, at the year end.

### ***Valuation methodologies***

#### ***Economic NAV***

The Board will appoint an independent valuer (and agree fees in respect of such appointment), with requisite experience of valuing Copyrights, to value the Copyrights owned by the Company on a semi-annual basis. In preparing such valuations the independent valuer will take into account historical revenues earned by the Copyrights, recent relevant and comparable market transactions, the remaining duration of the Copyrights, the quality of the Copyrights and such other relevant factors as may be agreed between the Board, the Investment Manager and the independent valuer.

#### ***IFRS NAV***

It should be noted that the above methodology will result in the calculation of the Economic NAV which is likely to materially vary from the IFRS NAV figures published in the Company's financial statements which will be calculated under IFRS. Under IFRS, Copyrights are treated as intangible assets which are measured initially at cost and then amortised over time.

The Economic Net Asset Value per Ordinary Share is the Economic NAV attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue. The Economic Net Asset Value per C Share of a class is the Economic NAV attributable to the C Shares of that class divided by the number of C Shares of that class in issue at the relevant time.

### ***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 Economic NAV and the IFRS NAV:

- 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;
- there is a breakdown of the means of communication normally employed in determining the calculation of the Economic NAV and the IFRS NAV; or
- it is not reasonably practicable to determine the Economic NAV and the IFRS NAV on an accurate, fair and timely basis.

Any suspension in the calculation of the Economic NAV and the IFRS NAV will be notified through a RIS as soon as practicable after such suspension occurs.

In the event that the calculation of the Economic NAV and the IFRS NAV is suspended as described above, trading in the Shares on the Specialist Fund Segment may also be suspended.

## 7. DISCOUNT CONTROL PROVISIONS

### *Continuation resolutions*

The Directors will propose an ordinary resolution that the Company continues its business as a closed-ended collective investment scheme (a "**Continuation Resolution**") at the first annual general meeting of the Company following the fifth anniversary of Initial 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 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 Portfolio.

### *Share purchases and buy backs*

The Directors will consider repurchasing Ordinary 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 Ordinary Shares. The timing, price and volume of any buy back of Ordinary Shares will be at the absolute discretion of the Directors.

With effect from the date on which the Company has invested 75 per cent. or more of the Net Proceeds of the Initial Issue, if the Ordinary Shares trade, over any six month rolling period, at an average discount of more than 10 per cent. to the Economic Net Asset Value per Ordinary Share, it is the Board's current intention to use any uninvested cash, or cash in excess of scheduled dividend payments, to undertake share buy backs, subject to all applicable legal and regulatory requirements (including compliance with the solvency test and any other relevant provisions of the Companies Law), the Company's working capital position and taking into account any other economic or other factors that the Board considers appropriate to take into account at the relevant time.

The Directors have been granted general authority to purchase in the market up to 14.99 per cent. of the number of Ordinary Shares in issue immediately following Initial Admission with such authority expiring on the earlier of the conclusion of the Company's first annual general meeting ("**AGM**") and 31 December 2021. 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 Ordinary Shares, purchases will only be made through the market for cash at prices not exceeding the last reported Economic Net Asset Value per Ordinary 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 Ordinary Share must not be more than the higher of: (i) five per cent. above the average of the mid-market values of the relevant Ordinary 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 an Ordinary 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 will not buy back any Shares from any class of C Shares in issue prior to their conversion into Ordinary Shares. Therefore, the Company will not assist any class of C Shares in limiting discount volatility or provide an additional source of liquidity.

**Shareholders and prospective Shareholders should note that the purchase of Ordinary 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). Ordinary Shares may be reissued from treasury but not at a price per Ordinary Share which would be less than the last reported Economic Net Asset Value per Ordinary Share at the relevant time.

#### *Treasury Shares*

The Company is permitted to hold Ordinary Shares acquired by way of market purchase in treasury, rather than being obliged to cancel them. Such Shares may be subsequently cancelled or sold for cash. Holding Ordinary Shares in treasury would give the Company the ability to sell Ordinary 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 Ordinary 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 4 of Part 7 of this document.

## **8. FURTHER ISSUES OF SHARES**

The Directors will have authority to issue further Shares following Initial 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 Ordinary Shares trade to the prevailing Economic Net Asset Value per Ordinary Share, perceived investor demand and investment opportunities. Save as set out below, Ordinary Shares will only be issued at prices per Ordinary Share which, after taking into account any placing commission payable in respect of such issues, are not less than the last reported Economic Net Asset Value per Ordinary Share.

Notwithstanding the above, the Company (subject to any regulatory clearances and/or confirmations that the Company may require) shall be entitled (but not obliged) to issue Ordinary Shares at the Issue Price to investors in Round Hill Fund One that wish to re-invest any distributions received by them from Round Hill Fund One immediately following any disposal by Round Hill Fund One to the Company of all or any of the Pipeline Investments.

There are no provisions of Guernsey law which confer rights of pre-emption in respect of the issue of Shares. The Articles do, however, contain pre-emption rights in relation to issues of Shares for cash, although such pre-emption rights will be disapplied in respect of up to 2 billion Ordinary Shares and/or C Shares for a period of five 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.

As set out in Part 5 of this document, following Initial Admission, pursuant to the Placing Programme, the Directors may, at their sole and absolute discretion, decide to carry out one or more Subsequent Placings before the Final Closing Date, should the Board determine that market conditions are appropriate.

The actual number of new Shares to be issued under any Subsequent Placing will be determined by the Company (in consultation with Cenkos and the Investment Manager) after taking into account demand for the new Shares. The Placing Programme is intended to be flexible and may have a number of closings in order to provide the Company with the ability to issue new Shares over a period of time.

#### *C Shares*

The Articles contain provisions that permit the Directors, subject to the Companies Law, to issue C Shares from time to time. C Shares convert into Ordinary Shares only when a specified proportion (being 80 per cent. or such lower percentage as the Company shall agree with the Investment Manager) of the Net Proceeds from issuing such C Shares have been invested in accordance with the 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.

### **9. DISCLOSURE OBLIGATIONS**

The provisions of Chapter 5 of the Disclosure Guidance and Transparency Rules (as amended from time to time) (“DTR 5”) of the FCA 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 Ordinary 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.

### **10. NON-MAINSTREAM POOLED INVESTMENTS**

As an investment trust, the Shares will be “excluded securities” under the FCA’s rules on non-mainstream pooled investments. Accordingly, the promotion of the Shares is not subject to the FCA’s restriction on the promotion of non-mainstream pooled investments.

### **11. 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 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 Specialist Fund 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.

### **12. TYPICAL INVESTOR AND MIFID II**

Typical investors in the Company are expected to be institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or have been advised of, the potential risks from investing in the Company.

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.

The Company intends to conduct its affairs so that the Shares can be recommended by financial advisers to retail investors in accordance with the rules on distribution of financial instruments under MIFID II. The Directors consider that the requirements of Article 57 of the MIFID II delegated regulation of 25 April 2016 will be met in relation to the Shares and that, accordingly, the Shares should be considered “non-complex” for the purposes of MIFID II.



## **PART 2: MARKET OPPORTUNITY, INVESTMENT PHILOSOPHY AND STRATEGY**

### **1. MARKET OPPORTUNITY**

#### **1.1 Music Publishing Overview**

Music publishing involves the ownership and/or administration of the Copyright in the underlying composition of a song (e.g., music and lyrics authored by songwriters or composers). Publishers, on behalf of the Copyright owners, issue licences and receive royalties based on the usage of the Copyright in the underlying composition of a song in a variety of commercial uses. As a licensing and royalty-based business, the industry relies heavily on legal Copyright protections for the rights it owns and/or administers. Copyright law in the U.S. is part of federal law and is protected by the U.S. Constitution. Outside of the U.S., Copyrights are protected through the Berne Convention, an international agreement governing Copyrights and relevant local laws. Protected music rights include: (i) mechanical rights (downloads, streaming and CDs); (ii) performance rights (live and broadcast); (iii) synchronisation rights (sound synchronised with images); (iv) graphic rights (printed music); (v) distribution rights; and (vi) digital rights. The underlying rights to songs and song collections are generally long-lived assets that may generate stable cash flows for extended periods of time. Copyright life varies by country but can last for upwards of 100 years.

The publisher representing a Copyright engages in one of two business arrangements with the Copyright owner: ownership or administration. Full or partial ownership of music publishing assets allows the publisher to collect all or some portion of the income stream generated in the form of royalty payments. Administration rights allow the publisher to actively manage the assets for a fee based on a percentage of royalty income. Round Hill will seek, on behalf of the Company, to obtain publishing and related administration rights to generate current yield from royalties while seeking to create value and unlock upside through diligent and creative Catalogue management.

#### **1.2 Types of Royalties**

Revenues are derived from: (i) performance royalties; (ii) synchronisation royalties; (iii) mechanical royalties; (iv) digital royalties; (v) other royalties; and (vi) royalties generated by master recordings.

##### *Performance royalties*

Performance royalties are generated by the fees from public performance, broadcasting and digital streaming. This includes: terrestrial and satellite radio and television broadcasts, live concerts, music in bars, hotels, restaurants, shops, sporting events, cinemas, industrial premises, YouTube and internet performances, theatre performances and more. Globally, performance royalties are typically collected on behalf of publishers and Copyright owners by Performance Rights Organisations (“**PROs**”) and collection societies. Collection societies, such as the American Society of Composers, Authors and Publishers (“**ASCAP**”) and Broadcast Music, Inc. (“**BMI**”) are largely responsible for the licensing of compositions for public performances such as radio broadcast (both terrestrial and digital), streaming services like Netflix and Hulu, television broadcast and bars and cafes in the U.S.. Outside the U.S., Performance Rights Organisations, such as PRS for Music in the UK, collect for local and foreign Copyright owners, the latter through reciprocal agreements between collection societies.

##### *Synchronisation royalties*

Synchronisation royalties are the fees collected on behalf of Copyright owners for use of works in movies, television programming, advertising, ringtones, and video games. The fees are based on several factors such as length of the musical segment, popularity of the song and the rights requested. These fees are subject to negotiation between the publisher and a prospective licensee. The music publisher works directly with the licensee to collect these royalties.

#### *Mechanical royalties*

Mechanical royalties are fees that Copyright owners receive upon the sale of any recording for the use of the underlying musical composition. Every time a company sells a digital download or a record company sells a physical CD, a mechanical royalty is paid to the music publisher. These royalties are typically collected from the record companies or by collection agencies and then paid out to the music publishers.

#### *Digital royalties*

Digital royalties are a hybrid of mechanical royalties and performance royalties and their actual designation depends upon whether they relate to “interactive” or “non-interactive” reproduction. Interactive services, where there is an ability to choose songs, including Digital Music Platforms such as Spotify, Tidal, Apple Music, Amazon Music and Google Play generate a hybrid of mechanical and performance royalties. In the UK and USA, 50 per cent. of the relevant fee is paid by the Digital Music Platforms as a performance royalty to the PRO. The remaining 50 per cent. is a mechanical royalty paid by the Digital Music Platforms directly to the owner of the copyright. Royalties generated by non-interactive streaming services (where there is no ability to choose a song) are considered to be performance royalties and are paid to a PRO.

#### *Other royalties*

This category encompasses miscellaneous royalties generated from greetings cards, toys, clothing, print (generated from sheet music) and theatre music.

#### *Royalties generated by master recordings*

Master recordings are the copyright in the “master” recording of a song or musical composition. They earn synchronisation royalties in the same manner as publishing and generate income from the sales of both physical and digital records, as well as from Digital Music Platforms. Additionally, master recordings earn significant royalties from digital radio (e.g., Pandora and Sirius XM), YouTube, and other similar platforms. An intermediary, SoundExchange collects digital radio performance royalties in the U.S. Outside the U.S. there are other “neighbouring rights” societies, such as Phonographic Performance Limited (“PPL”) in the United Kingdom, that collect these revenues.

### **1.3 Strength and stability of music publishing**

Music publishing generates approximately US\$6 billion in global music rights collections annually. Music publishing represents a diversified investment in music and has, over the last two decades, consistently outperformed the recorded music business.

#### *Low-to-no correlation with traditional markets*

Due to the diverse range of revenue sources, the music publishing industry has historically demonstrated and continues to demonstrate low-to-no correlation to other asset classes.

#### *A global market*

Music publishing royalties are collected worldwide. In 2019, North America accounted for approximately 39 per cent. of global music rights collections. Overall, the industry remains concentrated within the top ten markets. The major developed markets hold firm at the top of the list with the USA, Japan, the UK, Germany and France occupying the top five positions followed by South Korea, China, Canada, Australia and Brazil.

#### *Emerging markets*

Due to the explosive growth of Digital Music Platforms facilitating the global consumption of music and the increasing sophistication of intellectual property protection and revenue collection in new markets, Round Hill believes significant long-term potential exists for emerging markets to develop into important music publishing markets. For example, in early 2020 Spotify became available in Russia for the first time. In 2018 Asia became the second largest region for physical and digital music combined for the first time. China-based Tencent Music is now the fourth largest Digital Music Platform globally and in the second quarter of 2020 grew online paying users by 52 per cent. to 47.1 million.

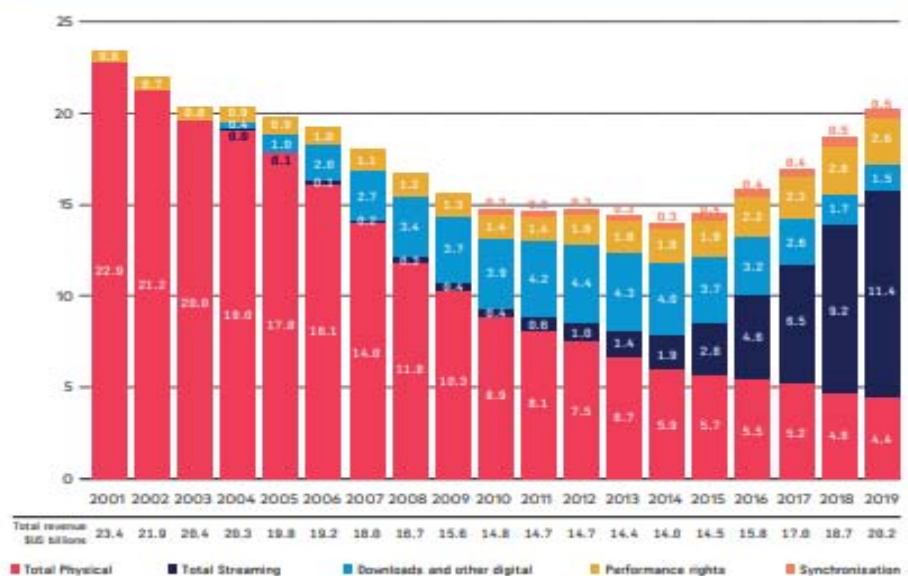
Round Hill also believes there is significant opportunity within the Latin American market as it has had the highest growth of any global region over the last few years and Round Hill will continue to explore opportunities in the region.

#### *Recorded music resurgence fuelled by growth in streaming*

Recorded music generated approximately US\$20.2 billion in global revenue in 2019 and is experiencing meaningful growth after enduring 15 years of significant revenue decline. In 2019, the global recorded music market grew by 8.2 per cent. This was the fifth year of consecutive global growth.

Paid streaming services have become more prominent and are expected to continue to transform the music industry. The rapid shift in music consumption from physical to paid streaming has positively impacted the accessibility of songs, and the frequency with which they are played. Driven by music fans’ engagement with streaming – especially paid subscription audio streaming – global streaming revenues grew by 22.9 per cent. in 2019 and now comprise some 56.1 per cent. of global music revenues, becoming the single largest revenue source. By the end of 2019, there were 341 million users of paid subscription accounts globally, with 86 million having been added during the year.

**Global Recorded Music Industry Revenues 2001-2019 (US\$ Billions)**



Source: IFPI

Round Hill believes that the rise of technology within the market continues to underpin the music industry’s revival, with recent trends likely to continue as the sector continues to develop a new state of structural stability. The sustained momentum in the streaming market underpinned with positive market trends, is expected to increase recorded music revenues to c.US\$30 billion by 2023 and c.US\$45 billion by 2030.

#### *Market participants*

The music publishing industry is dominated by five major participants: Sony, Warner Music Group (“**WMG**”), Universal Music Publishing Group (“**UMG**”), Kobalt Music Services (“**Kobalt**”) and BMG Rights Management (“**BMG**”). The top five music publishers collectively account for over 80 per cent. of the U.S. market. Independent music publishers and individual songwriters who publish their own works represent the balance of the market.

The music publishing sector has undergone consolidation at the top of the market, as well as in the middle of the market. As a result, the likes of Sony, WMG, UMG, Kobalt and BMG own more Catalogues with fewer staff to manage those assets. Round Hill believes this trend has created an opportunity for medium-sized music publishers who can provide customised solutions. Songwriters seek a publisher that pays full attention to their songs, improves copyright registration and royalty collection and works to increase the value of their music through placements in film, advertisements, television and games. As a medium-sized

publisher, Round Hill provides a high-end, personal service to its songwriters. Round Hill therefore believes that this in combination with the industry consolidation described above has put Round Hill in a more competitive position when it comes to acquiring small and medium-sized Catalogues.

Round Hill has quickly become a top 10 music publisher in the U.S. and, as shown by Billboard Magazine, Round Hill ranks as the seventh largest music publisher in the U.S. with a 2.94 per cent. radio airplay market share.

#### *Valuations*

Round Hill believes that valuations for music publishing investments remain favourable for investors despite the increased flow of capital to the market in recent years.

From 2008 to 2014, valuations typically traded at 8x – 10x NPS. From 2014 to today, valuations have risen to 9x – 15x NPS for new Catalogues (with the most prestigious stabilised Catalogues reaching 20x NPS). With the market for publishing and recorded music predicted to double within 10 years, mostly due to the growth of streaming, Round Hill believes that valuations at 16x – 20x NPS for high quality, iconic, blue chip, stabilised Catalogues are very attractive, even without the materialisation of the anticipated level of significant growth.

Despite the increased interest in the asset class in recent years, due to its broad and well-entrenched network and deep relationships within the music publishing business, Round Hill believes that Catalogues, particularly those of small to medium-size, can be acquired on attractive terms.

## **2. INVESTMENT PHILOSOPHY AND STRATEGY**

The following section describes the investment philosophy and strategy that will be adopted by Round Hill in terms of acquiring Copyrights and Catalogues on behalf of the Company and which have been applied in the past by Round Hill, including in respect of the acquisition of the Pipeline Investments.

### **2.1 Investment Philosophy**

Round Hill will, on behalf of the Company, seek to purchase small to medium-sized Catalogues of music rights that were purchased directly from songwriters or their estates. By acquiring Copyrights, Round Hill normally will become the administrator of the musical compositions and will collect royalties. Round Hill adheres to strict acquisition criteria to select valuable Catalogues that have been under-exploited by their previous administrators.

#### *Focus on iconic Copyrights*

Round Hill, on behalf of the Company, intends to acquire predominantly classic, older Copyrights. These high-quality songs have generally reached a steady state of earnings and are not subject to the natural decline in earnings that typically occurs within the first ten years of a song's life. Thus, Round Hill believes the Company will benefit from a more consistent level of cash flow and will not be exposed to the level of risk inherent with more recent songs.

In addition, Round Hill will, on behalf of the Company, seek to invest in distinguished songs with an established place in culture and a history of stable royalties. Round Hill seeks to acquire songs that have gained notable popularity on the radio, in movies, television, plays and shows. By virtue of their enduring cultural relevance, Round Hill expects these songs to earn a steady level of royalties regardless of future placement and licensing.

#### *Secure forms of intellectual property*

Music publishing assets are subject to extensive legal protections under Copyright law and are generally considered to be secure forms of intellectual property. Round Hill expects the Company to benefit from these copyright protections by investing in long-lived assets, in the form of rights to songs and song collections, which historically have generated stable cash flows for extended periods of time.

#### *Source exclusive deal flow*

Round Hill, on behalf of the Company, will also seek to acquire Copyrights from songwriters or other third-party rights holders including lawyers, managers, record companies, A&R (artists and repertoire professionals) and estate trustees. By leveraging its strong reputation and extensive network of industry relationships, Round Hill expects to actively pursue opportunities and seek to originate proprietary, non-auction deals at attractive valuations.

Round Hill has cultivated deep relationships in the music industry with artists and songwriters, which Round Hill expects will help the Company to source exclusive deals. Round Hill will seek transactions for the Company that are “under the radar” and that may not attract the attention of major publishers who generally focus on larger Catalogues. Round Hill has worked to build a reputation in the industry for its personal dedication and bandwidth to utilise an active and customised management approach to each Catalogue it represents. To date, over 85 per cent. of its Catalogue acquisitions, and all the administration and co-publishing contracts, were proprietary.

#### *Generate income from royalty payments*

Round Hill believes that music publishing assets offer attractive, risk-adjusted returns and regular, inflation protected cash flows. They can generate a steady stream of revenue due to the predictable patterns of: (i) usage from established rights Catalogues; (ii) statutory terms with long tenures; and (iii) long-lasting legal contracts both in the U.S. and internationally.

The diversity of income sources can help to increase the likelihood of a stable, recurring revenue stream. The Company’s royalty income is expected to come from various sources including: radio, television, film, live concerts, video games, streaming services, bars, restaurants, hotels, fitness centres, digital music downloads, CD sales and mobile applications.

#### *Limited downside risk*

Round Hill believes that the acquisition of music publishing assets provides investors with limited downside risk relative to other investments in the music industry because: (i) portfolio diversity mitigates content risk; (ii) iconic assets of enduring value generally experience consistent usage; (iii) the historically active marketplace for buyers of such intellectual property rights facilitates opportunities for strategic sales and liquidity; and (iv) global Copyright protection and enforcement mitigates many of the cross-border legal risks associated with other intellectual property assets.

#### *Leverage in-house administration and licensing capabilities*

Round Hill has established its own in-house publishing administration team of 50 experienced professionals responsible for supporting its internal operations, strategic sales, marketing and domestic royalty collection. Elsewhere in the industry many Catalogues are sold simply as passive cash flow streams where the administrative control resides with another publisher. In addition, firms often outsource administration to third parties (such as Kobalt) who will typically manage Catalogues for multiple publishers simultaneously. Full administration and licensing control gives Round Hill the ability to create opportunities to generate upside by unlocking value, reducing fees and closely monitoring royalty collection. To enhance value, Round Hill has built its own advanced, proprietary creative marketing tool. In addition, Round Hill has developed an extensive infrastructure to ensure the prompt and precise collection of royalties, including a sophisticated industry system for capturing royalty streams. Round Hill also engages a global network of sub-publishers to facilitate the collection of royalties generated outside the U.S. and the UK.

#### *Create value from active management*

Round Hill will seek, on behalf of the Company, to purchase Catalogues that it believes have been under-exploited and can be more effectively marketed to increase cash flow. Individual songwriters and their estates often cannot afford to properly market their Catalogues. Round Hill has historically been approached by such Copyright holders as a preferred buyer due to its longstanding industry reputation and personal approach. Many songwriters value medium-sized publishers who have the capacity to provide customised Catalogue management. Round Hill estimates that on average, each major music publisher has over 10,000 clients which Round Hill believes makes it difficult to effectively promote and exploit individual Catalogues.

Round Hill seeks to bolster growth and generate value through the following:

- **Improving the collection of royalties.** Round Hill believes that the collection of royalties will improve as it typically has a more efficient royalty collection system and infrastructure than the previous owner. This improves the cash flows as they are allocated directly to the Group rather than to a third party, where the cash flows may languish for several months and layers of fees are charged. In addition, Catalogues are often controlled by accountants or lawyers who lack the industry experience and resources to effectively manage them. Round Hill utilises the latest software and technology to handle copyright registration, royalty accounting and marketing (such as Counterpoint, Audiam, Exactuals and Disco). In many cases Round Hill seeks to collect previously neglected or uncollected royalties. Round Hill has gained expertise in managing the complex global music royalty collection network and has built an efficient infrastructure to be able to collect all royalties owed, worldwide, on an expedited, tracked and precise basis. Round Hill has direct collection “pipes” to the world’s largest PROs, mechanical societies, DMPs, record labels, film and television producers, advertising companies and others. Round Hill’s administration team processes and tracks the income and will perform quarterly accounting to the Company and its Copyright owners. The royalty statements provided to its Copyright owners are transparent and precise, being available on a web portal, and represent a value added service for Copyright owners.
- **Increasing licensing activity.** Round Hill will proactively pursue new licensing opportunities to enhance revenue by increasing synchronisation royalties. These opportunities include the placement of songs in filmed entertainment, advertisements and digital media. Round Hill’s internal synchronisation team, Zync, and its staff of 15, are market leaders in placing songs for synchronisation. Zync was acquired by Round Hill in 2017. Zync has generated over US\$100 million in synchronisation royalties for Copyright owners since its inception in 2002 and has generated thousands of synchronisation licences on an annual basis. Examples include the song “Best Day of My Life” which, as just a single, has generated over US\$3 million of synchronisation royalties, including a US\$213,000 Best Western commercial, a US\$146,000 Shell “Make the Future” campaign, a US\$113,000 Lays Yellow Bag campaign, and a US\$75,000 TCF Bank commercial. Round Hill will also advocate for the use of its compositions in live stage productions.
- **Song placement.** Round Hill intends to strategically promote the use of compositions by encouraging artists and record company executives to cover songs from the Company’s Portfolio on major albums. Efficient song placement can boost royalties considerably. For example, the Gerald Marks song “All of Me” was covered on a multi-platinum album released by Michael Bublé, adding significant value to the entire Gerald Marks Catalogue.

## 2.2 Investment Process

Round Hill, as investment manager to the Company, will employ a rigorous and multi-disciplined investment process that has been developed and refined by the investment team. It begins with a significant network of industry relationships to originate proprietary opportunities, extends to a consistent method of underwriting and focuses on best practices for documentation and closing.

### **The following illustrates Round Hill’s investment process**

#### *Deal sourcing*

Round Hill leverages its broad network of longstanding relationships with songwriters, music entertainment lawyers, business managers, estate trustees and other prominent advisers to music Catalogues to source transactions. The management team has, in aggregate, over 200 years of music and financial industry experience and has developed deep relationships in the industry. These strong relationships have, and Round Hill believes will continue to, generate significant deal flow.

Round Hill will typically focus on Catalogues that are in the US\$1 million to US\$50 million range. Round Hill believes these transactions frequently do not attract the attention of major publishers, who generally look to purchase larger Catalogues.

Round Hill has frequently been approached by Copyright owners as a preferred buyer of music Catalogues due to its reputation as a music publisher that takes a personal interest in each Catalogue it represents. This approach is important to songwriters who have an emotional attachment to their songs and want to work with a music publisher that both understands the artistic aspects of their work and the importance of effective commercial stewardship.

Round Hill also has seen significant deal flow emerge from within its existing Catalogues (including the Pipeline Investments) and has a proprietary position on those deals.

Additionally, Round Hill believes that the next five years offer significant potential due to: (i) statutory reversions; (ii) contractual reversions; and (iii) the general dissatisfaction songwriters have with the publishing services of the major music publishers. 2013 marked the first year since the enactment of the U.S. Copyright Act enabling artists to reclaim the rights to works created on or after 1 January 1978. The legislation, which officially took effect in 1978, placed a 35-year lock-up on Copyrights assigned to independent publishers. As a result, many songwriters now have the ability to regain Copyright ownership through filing for reversion. The same time frame holds true for master recordings, and Round Hill expects many master recording reversions will occur going forward, creating more acquisition opportunities. Moreover as a result of the COVID-19 pandemic, concert opportunities have disappeared due to the closure of live venues, resulting in a significant loss of income for artists. As a consequence, Round Hill has seen an increase in investment opportunities as artists look to monetise the intellectual property in their works.

Round Hill expects to review approximately 75 to over 100 investment opportunities for the Company annually. Round Hill expects approximately 10 to 20 of these opportunities will meet their initial screening requirements and will lead to further due diligence.

#### *Initial due diligence*

An initial screening process is conducted to identify appropriate investment opportunities. Round Hill will then conduct a high-level review, which will include an evaluation of the Catalogue within the context of the overall Portfolio and the size and economics of the transaction. During the preliminary screening process, Round Hill will use an acquisition criteria checklist to determine whether to proceed past initial due diligence. The acquisition criteria Round Hill looks for in a Catalogue are: (i) well known iconic songs; (ii) administration and licensing control; (iii) long term ownership of rights; (iv) contribution to Catalogue diversity; (v) non-auction, proprietary deals; and (vi) anticipated stability of cash flows.

In addition, Round Hill will identify key risks in the transaction and begin to consider structure and terms. Round Hill will then construct a detailed due diligence plan. The investment team constantly evaluates characteristics in each Catalogue (i.e., whether the asset value is declining, the quality of the music or the available opportunity to generate synchronisation royalty income) and endeavours to translate these into enhanced post-acquisition value through the active exploitation of assets and improved collection of royalties.

#### *Multi-disciplined investment process*

Round Hill emphasises two main components of the due diligence process: (i) financial due diligence and (ii) legal due diligence. Third parties (The Massarsky Consulting Group and The Royalty Review Council) are also engaged in this process to supplement in-house due diligence conducted by Round Hill on each potential acquisition.

#### *Financial review*

The financial due diligence process includes, but is not limited to the following:

- the creation of an underwriting forecast for each Catalogue to determine royalty income on a per song basis, including construction of a discounted cash flow model and stress testing;
- the analysis of historical cash flow broken out by royalty type, U.S. compared to non-U.S., and the songwriter's age to determine reversion timeframes; and
- the engagement of third-party consultants as needed for certain complex analysis, including calculation of royalty decay curves.

### *Legal and operations review*

Legal due diligence is achieved through a combination of document and information requests made to the seller and a review of various public records such as the Copyright Office Database in the U.S., local and federal lien databases and other international public records and databases. It includes, but is not limited to:

- validating the chain of title with respect to copyrighted songs. This involves: (i) ensuring that title to each acquired work or song is free of defects which would impair or affect the transferability of such work or song; (ii) verifying that title to the work or song has been properly transferred (and such transfer has been duly recorded with the appropriate registries) from the original writer to the original publisher; and (iii) advising Round Hill of the dates upon which it is subject to termination for each musical composition or song and thereafter determining whether termination notices have been filed;
- ensuring that the seller is free to transfer the work or song. This includes ensuring that the seller: (i) is free from liens, lawsuits, claims, or judgments which could affect transferability of the work or song; (ii) has not indirectly encumbered the songs or Catalogue through a stock pledge, personal guarantee, or other instrument; and (iii) has the appropriate authorisation to effect the sale of the musical composition or song; and
- reviewing all documents relating to the musical composition or song to be sold and ensuring that all contractual obligations have been met. This includes reviewing: (i) all prior instruments of transfer for the musical composition or song; (ii) any songwriter or co-publishing agreements with the authors of such work or song; and (iii) any joint administration agreements and sample agreements.

### *Investment approval process*

After completing due diligence and structuring the terms of a potential investment, a formal investment memorandum will be presented to Round Hill's investment committee. Decisions made by the investment committee will require the unanimous approval of its members. The investment committee currently comprises Josh Gruss, Neil Gillis, Amanda Siconolfi and Richard Rowe.

### *Asset management*

Round Hill intends to leverage its capabilities, its in-house expertise and extensive network to translate its due diligence findings into actionable post investment strategies for each Catalogue purchased. These strategies generally will focus on how to increase the value of each Catalogue by expanding Copyrights into new markets or geographies. Round Hill will leverage current software and technology to handle royalty accounting and marketing to prioritise resources on the highest risk-adjusted return activities.

Round Hill will seek to improve cash flows through: (i) licensing activity and song placement; (ii) re-packaging and re-issuing master recordings; and (iii) active collection of royalties through efficient internal systems.

Round Hill will at all times seek to acquire Catalogues that diversify the existing Portfolio by artist, genre, decade and royalty type.

Round Hill believes that its focus on providing its songwriters with efficient administration will allow Round Hill to actively promote each Catalogue. Round Hill will utilise its experienced in-house administration team to manage all its U.S. Catalogues to: (i) achieve a more rapid collection of receivables; (ii) avoid excessive layers of fees; (iii) devote more attention to marketing each song; and (iv) minimise collection mistakes. These advantages will allow Round Hill to maximise cash flow margins. Round Hill will utilise a network of rights agencies, sub-publishers and publishing administrators to diligently administer each international Catalogue.

Round Hill has built its own proprietary creative marketing tool to further enhance its value creation capabilities. In addition, Round Hill has developed an extensive infrastructure to ensure the prompt and precise collection of royalties. 19 members of the administration and royalty team are devoted full-time to timely copyright registration along with monitoring royalty



collection and utilise the latest software and technology to handle royalty accounting, specifically a system called Counterpoint. Additionally, there are 15 full-time personnel dedicated to synchronisation licensing and 6 dedicated to A&R (artists and repertoire).

Round Hill will seek to maximise economies of scale through aggregating a large and diverse Portfolio of high quality Copyrights. In Round Hill's experience, Catalogues that are of significant size and include a diversified collection of iconic music tend to generate a premium price.

#### *Disposal of Copyrights*

Whilst the Company does not intend to sell the Copyrights it acquires, the Company may, from time to time, dispose of one or multiple Copyrights where it considers such disposal to be in the best interests of Shareholders.

#### *Investment Monitoring*

Round Hill will update the Board on its progress on a quarterly basis with additional updates where significant events have occurred.

## **PART 3: DIRECTORS, MANAGEMENT AND ADMINISTRATION**

### **1. DIRECTORS**

The Directors are responsible for the determination of the Company's Investment Policy and have overall responsibility for the Company's activities including the review of investment activity and performance and the control and supervision of the Company's service providers. All of the Directors are non-executive and are independent of Round Hill and the other service providers.

The Directors will meet at least four times a year, *inter alia*, to review and assess the Company's Investment Policy, the risk profile of the Company, the Company's investment performance, the performance of the Company's service providers, including Round Hill and the Administrator, and generally to supervise the conduct of its affairs.

The Directors are as follows:

#### **Trevor Bowen (aged 71) (Independent non-executive Director) (Chairman)**

Trevor is an experienced director with over 30 years' experience spanning a variety of industries. Trevor spent 11 years as a partner of KPMG and 17 years helping to manage U2 and other artists. Trevor has acted as a non-executive director on a number of boards (he is currently a non-executive director of CEIBA Investments Limited and Kennedy Wilson Investments Inc.) most notably as a non-executive director of Ulster Bank which included six years as the chairman of the Bank's audit committee. He is an Irish national and a qualified Chartered Accountant.

#### **Caroline Chan (aged 54) (Independent non-executive Director)**

Caroline is a Guernsey Advocate and has recently retired as a partner from Mourant Ozannes in Guernsey. Caroline is an experienced corporate lawyer who has advised on mergers and acquisitions, stock exchange listings, investment funds, private equity, financings and regulatory work. After studying law at St Anne's College Oxford, Caroline trained and qualified as an English solicitor with Allen & Overy where she spent nearly nine years including three years in their Hong Kong office. Caroline joined Ozannes on her return to Guernsey in 1998, spending nine years with that firm, followed by eight years at Ogier, another offshore firm, before re-joining Mourant Ozannes in 2015.

#### **Francis Keeling (aged 47) (Independent non-executive Director)**

Francis is an experienced media and music industry professional and is currently senior vice president of International Digital at Discovery Inc., the global leader in real life entertainment. Prior to that Francis served as Global Head of Licensing at Spotify, responsible for all music licensing with record labels, publishers and collecting societies. Francis was previously Global Head of Digital Business for Universal Music Group for nearly 10 years, spearheading the licensing of all new digital music services. Francis has a master's degree in mechanical engineering from Imperial College London.

### **2. MANAGEMENT OF THE COMPANY**

#### ***Responsibility for management and Portfolio administration***

The Directors are responsible for the determination of the Company's Investment Policy and have overall responsibility for the Company's activities. The Company has entered into the Investment Management Agreement with Round Hill under the terms of which Round Hill will be responsible for the day-to-day management of the Company's investments on a discretionary basis in accordance with the Investment Policy, subject to the overall supervision of the Directors. Round Hill will be responsible for the portfolio management and risk management of the Portfolio.

The Company has also entered into the Portfolio Administration Agreement with Round Hill under the terms of which Round Hill will be responsible for the administration of the Company's Copyrights and the collection of all royalties due to the Company in respect of its Copyrights.

#### ***The Investment Manager***

Round Hill was founded in 2010 by Josh Gruss and is headquartered in New York with additional offices in Nashville, Los Angeles and London. Josh is joined by an experienced team with an established reputation and extensive experience in the music and finance industries. The

management team is comprised of Josh Gruss, Steve Clark, Neil Gillis, Richard Rowe, Amanda Siconolfi, Shannon Farley and Erich Carey. The investment team is comprised of Josh Gruss, Neil Gillis, Richard Rowe and Amanda Siconolfi.

As a fully integrated owner and operator of music Copyright properties, Round Hill was strategically constructed to combine investment experience and music industry expertise. The management team has, in aggregate, over 200 years of experience including at Alfred Music Publishing, BMI, Bear Stearns & Co., Concord Music Group, EMI, Deloitte, Dimensional Music Publishing, Goldman Sachs, The Blackstone Group, Gruss Asset Management, Gruss & Co., R2M Music, S1 Songs, Sony, Sony/ATV Music Publishing ("**Sony/ATV**"), Unilever and Warner Music Group ("**WMG**"). Collectively, the investment team has been involved in over 125 individual Catalogue transactions totalling over US\$1 billion (including transactions that did not involve Round Hill). With extensive music, finance and institutional investment experience, Round Hill believes that its team is outstanding in both scope and quality within an industry dominated by music professionals.

Round Hill is consistently ranked in the top 10 music publishers in the U.S., and as of the most recent quarter was ranked number seven by Billboard Magazine.

In addition, the investment team is supported by an experienced in-house publishing administration team of 50 plus professionals. This team is responsible for assisting with operations, administration, sales and marketing in order to facilitate and enhance copyright registration, royalty collection, licensing activity and proactive song placement.

Round Hill is a member of the National Music Publishers Association ("**NMPA**"), with Neil Gillis having sat on the board of that organisation for over 10 years. Additionally Round Hill is a member of the Association of Independent Music Publishers ("**AIMP**"), the Nashville Songwriters Association International ("**NSAI**"), the UK's Music Publishers' Association ("**MPA**") and Merlin Network, which represents independent record labels.

Round Hill currently manages three private funds, including Round Hill Fund One, and has, since its establishment in 2010, deployed over US\$650 million in acquiring more than 70 Catalogues comprising over 128,000 musical compositions. To date Round Hill has collected over US\$175 million of Net Publisher's Share on behalf of funds it manages. In respect of the private funds that it manages Round Hill has achieved in excess of 17 per cent. gross IRR.

Round Hill is a registered investment adviser under the U.S. Investment Advisers Act and is regulated by the SEC.

### ***Management and Investment team***

#### ***Josh Gruss (Chairman and CEO)***

Josh Gruss is the Chairman, CEO and founder of Round Hill. Prior to founding Round Hill, from 2002 to 2009, Josh worked at Gruss Asset Management, a London and New York based hedge fund focused on event driven investing with US\$2 billion assets under management, where he held various positions of increasing responsibility, most recently as a Partner and member of the investment and executive committees. Concurrently, from 2003 to 2011, he was also a Vice President at Gruss & Co., Inc., where he was a member of the investment and executive committees. From 1999 to 2001, Josh worked in investment banking at Bear Stearns & Co. From 1997 to 1999, he worked at Warner Music Group as an Assistant Director in product development. Josh graduated with a B.A. from Trinity College and earned an M.B.A. from both Columbia University and London Business School. Josh is also a Trustee and Alumnus of Berklee College of Music in Boston. Josh is a trained guitarist, having recorded and performed with several groups. He is also a BMI songwriter and has written two Billboard Top 40 rock songs.

#### ***Steve Clark (COO)***

Steve Clark has recently joined Round Hill as its Chief Operating Officer. Previously, Steve was the Executive Vice President of Global Operations at Warner Chappell Music where he worked for nearly two decades. At Warner Chappell Music, Steve was responsible for restructuring business operations and the development and rollout of the global contracts, copyright and royalty system, which allows songwriters and composers to view statements and other metrics online and via mobile applications. Prior to joining Warner Chappell Music, Steve worked for ten years at the sheet music specialists, International Music Publications Limited, where he rose through the ranks to become head of Publishing and Copyright. He has served on many high profile music industry

committees including the UK boards of the Music Publishers Association, the International Confederation of Music Publishers and the International Music Publishers Association.

Steve has a degree in music from Liverpool University and is an accomplished musician.

**Neil Gillis (*President*)**

Neil Gillis is the President of Round Hill. Previously, in 2010, Neil was a managing director and Head of Publishing at Alfred Music Publishing. From 2006 to 2010, he was President of S1 Songs America as well as its predecessor Dimensional Music Publishing. From 1990 to 2006, Neil held positions of increasing responsibility at WMG, most recently as Senior Vice President of Creative Music Solutions. From 1984 to 1990, he was the Head of International for BMI. Neil serves on the boards of the BMI Foundation, the Johnny Mercer Foundation and the National Music Publishers Association. He graduated with a B.S. from Hofstra University. Neil is also a classically trained French horn player and jazz guitarist.

**Richard Rowe (*Vice Chairman*)**

Richard Rowe is the Vice Chairman of Round Hill. From 2006 to 2010, Richard was a Founding Partner of R2M Music. From 2005 to 2006 he worked at Kingstreet Music (aka Crosstown Music) running their North American publishing company. From 1991 to 1993, Richard was President of Sony Music Publishing International. He was the President of Sony Music Publishing (which became Sony ATV) from 1993 to 2005 where he executed the deal which formed the joint venture between Sony and Michael Jackson (ATV). Richard was director of Business Affairs for Sony Records UK (formerly CBS Records UK) from 1982 to 1991. He joined CBS Records International in London and New York in 1978. Richard graduated with a B.A. in Business Law from City of London College and the College of Law. He was admitted in 1978 as a Solicitor in the UK.

**Amanda Siconolfi (*CFO, Finance and Investments*)**

Amanda is the CFO (Finance & Investments) of Round Hill, having joined in 2015. Previously, she was a private entity investor at Greenbriar Equity Group, a US\$3.5 billion private equity firm, where she focused on middle market leveraged buyouts in the transportation and transportation-related industries. Prior to that, Amanda was a natural resources investment banker at Goldman Sachs, where she advised clients on mergers, acquisitions, debt and equity transactions. Amanda received a B.B.A. from the Ross School of Business at the University of Michigan with concentrations in Finance and Accounting.

**Shannon Farley (*CFO, Funds and Financial Operations and Compliance Officer*)**

Shannon is the CFO (Funds, Financial Operations and Compliance Officer of Round Hill), having joined in 2018. Previously she was Assistant Vice President at The Blackstone Group, where she spent more than a decade working on private equity funds in the real estate finance group. Prior to that, Shannon was a Senior Financial Analyst for Unilever North America, where she worked on brand consolidation and financial reporting in the performance reporting and analysis group. She began her career as a Senior Auditor at Deloitte & Touche in the Banking & Securities group. Shannon graduated from Rutgers Business School with a B.S. in Accounting and a minor in Economics. She is a Certified Public Accountant.

**Erich Carey (*Senior Vice President, Business and Legal Affairs*)**

Erich joined Round Hill in 2019 and is responsible for overseeing all aspects concerning the acquisition, licensing and legal protection of Copyrights in the Round Hill Catalogues. An experienced industry attorney, Erich joined Round Hill from the NMPA in Washington, where he worked for four years as Vice President and Senior Counsel, helping pass the landmark Music Modernization Act and securing an increase in streaming royalty rates for music publishers before the Copyright Royalty Board. Prior to joining the NMPA, Erich worked for six years as an associate in the prominent digital, media and entertainment practice group in the New York office of law firm Pryor Cashman LLP. Erich graduated with honors from Fordham University School of Law where he served as the Editor-in-Chief of Intellectual Property, Media and Entertainment Law Journal and received his B.A. magna cum from Amherst College. Erich is also an actively performing singer/songwriter and has composed two full-length albums.

### ***The Investment Management Agreement***

The Company and Round Hill have entered into the Investment Management Agreement, a summary of which is set out at paragraph 6.2 of Part 7 of this document, pursuant to which Round Hill will provide discretionary investment management and risk management services to the Company following Initial Admission.

### ***The Portfolio Administration Agreement***

The Company and Round Hill have entered into the Portfolio Administration Agreement, a summary of which is set out at paragraph 6.3 of Part 7 of this document, pursuant to which Round Hill will provide royalty collection and Portfolio administration services to the Company following Initial Admission.

## **3. OTHER ARRANGEMENTS**

### **Administrator**

JTC Fund Solutions (Guernsey) Limited has been appointed as Administrator and Company Secretary to the Company pursuant to the Administration Agreement, further details of which are set out in paragraph 6.4 in Part 7 of this document. The Administrator is a company incorporated in Guernsey with limited liability on 11 May 1978 and is licensed by the GFSC under the provisions of the POI Law to conduct certain restricted investment and administrative activities in relation to collective investment schemes. The Administrator, for the purposes of the POI Law and the RCIS Rules, is the “designated administrator” of the Company. The Administrator’s ultimate holding company is JTC Plc, a company incorporated in Jersey and listed on the London Stock Exchange. The Administrator will be responsible for the day to day administration and company secretarial functions of the Company (including but not limited to the maintenance of the Company’s fund accounting, the calculation and publication of the Economic NAV and IFRS NAV and the maintenance of the Company’s statutory records). Prospective investors should note that it is not possible for the Administrator to provide any investment advice to investors.

### **Registrar**

The Company utilises the services of JTC Registrars Limited as Registrar in relation to the transfer and settlement of Shares. Under the terms of the Registrar Agreement, the Registrar is entitled to a fee calculated on the basis of the number of Shareholders and the number of transfers processed (exclusive of VAT). In addition, the Registrar is entitled to certain other fees for ad hoc services rendered from time to time.

Details of the Registrar Agreement are set out in paragraph 6.5 of Part 7 of this document.

### **Receiving Agent**

The Company has appointed JTC Registrars Limited to act as the Company’s Receiving Agent for the purposes of the Offer for Subscription pursuant to the Receiving Agent Agreement.

Details of the Receiving Agent Agreement are set out in paragraph 6.6 of Part 7 of this document.

### **Auditor**

KPMG provides audit services to the Company. The Auditor’s principal responsibilities are 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 the accounting standards laid out under IFRS. The fees charged by the Auditor depend on the services provided and on the time spent by the Auditor on the affairs of the Company; there is therefore no maximum amount payable under the Auditor’s engagement letter.

## **4. FEES AND EXPENSES**

### **Formation and initial expenses**

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission. These expenses include the fees and commissions payable under the Placing and Offer Agreement, Receiving Agent’s fees, listing and Admission fees, printing, legal and accounting fees and any other applicable expenses

which will, save as set out below, be met by the Company and paid on or around Initial Admission out of the Gross Proceeds.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are not expected to exceed approximately US\$7.5 million (approximately £5.8 million), equivalent to 2 per cent. of the Gross Proceeds, assuming Gross Proceeds of US\$375 million. The costs will be deducted from the Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. Assuming Gross Proceeds of US\$375 million are raised by the Initial Issue, it is expected that the Economic Net Asset Value per Ordinary Share on Initial Admission will be 98 cents.

### **Investment management fees and expenses**

The Investment Manager is entitled to an annual management fee (payable in cash) and a performance fee (usually payable predominantly in Ordinary Shares subject to an 18 month lock-up undertaking).

#### *Management Fee*

Under the terms of the Investment Management Agreement the Company shall pay to the Investment Manager an annual fee payable quarterly in arrears (the “**Management Fee**”) calculated on the following basis:

- 1.00 per cent. per annum of the Average Market Capitalisation up to, but not including, US\$400 million;
- 0.90 per cent. per annum of the Average Market Capitalisation that is between US\$400 million, up to and including US\$700 million; and
- 0.80 per cent. per annum on such part of the Average Market Capitalisation that is in excess of US\$700 million.

For the avoidance of doubt, the different percentages set out above shall be applied incrementally and not as against the total Average Market Capitalisation.

Until such time as 80 per cent. of the Net Proceeds of the Initial Issue have been invested the Investment Manager shall be entitled to receive 50 per cent. of the Management Fee it would otherwise be entitled to receive on the basis described above.

#### *Performance Fee*

On each Performance Fee Calculation Date, the Investment Manager shall be entitled to receive a performance fee equal to 10 per cent. of the sum of the Excess Return multiplied by the time weighted average number of Ordinary Shares in issue (excluding Ordinary Shares held in treasury) during the relevant Performance Period to which the Performance Fee Calculation Date relates (the “**Performance Fee**”), provided that the Performance Fee is capped such that the sum of the Management Fee and the Performance Fee paid in respect of that Performance Period is no more than 5 per cent. of the lower of: (i) Economic NAV; or (ii) the Performance Period Average Market Capitalisation for the relevant Performance Period.

Any Performance Fee shall be satisfied as follows:

- if requested in writing by the Investment Manager, the Company shall pay an amount equal to all taxes and charges payable by the Investment Manager (or its general partner, as the case may be) with respect to the Performance Fee in cash; and
- with respect to the remainder of the Performance Fee (the “**Share Investment Amount**”) and subject to certain exceptions:
  - (i) if the Average Trading Price is equal to or higher than the last reported Economic Net Asset Value per Ordinary Share (as adjusted to reflect any dividends reflected in the Average Trading Price) the Company will issue to the Investment Manager such number of new Ordinary Shares (credited as fully paid) as is equal to the Share Investment Amount divided by the Average Trading Price (rounded down to the nearest whole number of Ordinary Shares); or

- (ii) if the Average Trading Price is lower than the last reported Economic Net Asset Value per Ordinary Share (as adjusted to reflect any dividends reflected in the Average Trading Price) then the Company shall (on behalf of and as agent for the Investment Manager) apply the Share Investment Amount in purchasing (on the secondary market) Ordinary Shares provided any such Ordinary Shares are purchased at prices below the last reported Economic Net Asset Value per Ordinary Share.

Any Ordinary Shares subscribed or purchased by the Investment Manager pursuant to the above arrangements will, subject to usual exceptions, be subject to a “lock-up” of 18 months from the date of subscription or purchase.

#### *Out-of-pocket expenses*

The Company will pay or reimburse Round Hill in respect of all of its out-of-pocket expenses properly incurred in respect of the performance of its obligations under the Investment Management Agreement including, but not limited to, third party due diligence costs, advisory, legal, consultancy or expert fees, appraisal fees payable in connection with any acquisition, funding and day-to-day management of the Portfolio.

Defined terms used in this paragraph 4 have the following meanings:

<b>Average Market Capitalisation</b>	means in relation to each quarter where the Management Fee is payable, the mean average of the Market Capitalisation for each London Stock Exchange trading day of the relevant quarter;
<b>Average Trading Price</b>	the average of the middle market quotations of the Ordinary Shares (as adjusted to exclude any dividend which is included in such quotations) for the five business days ending on the business day immediately preceding the relevant Performance Fee Calculation Date;
<b>Excess Return</b>	on any Performance Fee Calculation Date, the excess (if any) of the relevant Performance Share Price over the higher of, (i) the Performance Hurdle Price on such Performance Fee Calculation Date, and (ii) the High Watermark;
<b>High Watermark</b>	the Performance Share Price on the last Performance Fee Calculation Date in respect of which a Performance Fee was payable by the Company (or the Issue Price, if no Performance Fee has previously been paid);
<b>Market Capitalisation</b>	for any day, the aggregate of (i) the closing mid-market price of an Ordinary Share quoted by Bloomberg (or such other pricing service as may be agreed between the Company and the Investment Manager from time to time) multiplied by the number of Ordinary Shares in issue as at 5.30 p.m. (London time) on such day, and (ii) (if relevant) the closing mid-market price of a C Share quoted by Bloomberg (or such other pricing service as may be agreed between the Company and the Investment Manager from time to time) multiplied by the number of C Shares in issue as at 5.30 p.m. (London time) on such day;
<b>Performance Adjustments</b>	adjustments to the Performance Share Price shall: <ul style="list-style-type: none"><li>(a) include the gross amount of any dividends and/or other distributions paid in respect of Ordinary Shares since Initial Admission; and/or</li><li>(b) be made to take account of C Shares issued as may be agreed (acting reasonably and in good faith) at the time of the issuance of any such C Shares;</li></ul>

<b>Performance Fee Calculation Date</b>	(i) 31 December 2021, (ii) thereafter 31 December in each year (or in respect of the Performance Period in which the Investment Management Agreement is terminated, the effective date of such termination);
<b>Performance Hurdle Price</b>	on any Performance Fee Calculation Date, the Issue Price as increased by an annually compounding rate of 10 per cent. per annum, calculated from Initial Admission, and as adjusted from time to time to take into account any Reconstruction;
<b>Performance Period</b>	(i) the period from Initial Admission to the first Performance Fee Calculation Date, and (ii) thereafter the 12 month period ending on the Performance Fee Calculation Date in each year;
<b>Performance Period Average Market Capitalisation</b>	in relation to a Performance Period, the mean average of the Market Capitalisation for each London Stock Exchange trading day of the relevant Performance Period;
<b>Performance Share Price</b>	<p>on any Performance Fee Calculation Date, the average of the daily closing middle market prices (as quoted by Bloomberg or such other pricing service as may be agreed between the Company and the Investment Manager from time to time) for an Ordinary Shares for the 20 London Stock Exchange trading days ending immediately prior to such Performance Fee Calculation Date, and which shall be adjusted as appropriate:</p> <p>(a) to include any dividend declared but not paid where the Ordinary Shares are quoted ex such dividend at any time during the relevant period;</p> <p>(b) to exclude any dividend paid in respect of the Ordinary Shares during the relevant period; and</p> <p>for the Performance Adjustments; and</p>
<b>Reconstruction</b>	any reconstruction, amalgamation or adjustment relating to the share capital of the Company (or any share, stock or security derived therefrom or convertible therein).

Further details of the fees payable to Round Hill and the lock-up arrangements are set out in paragraph 6.2 of Part 7 of this document.

#### **Portfolio administration fees and expenses**

Under the terms of the Portfolio Administration Agreement the Company will pay to Round Hill 10 per cent. of all net income it collects on behalf of the Group. For these purposes net income means all royalties, revenues, profits and monies collected on behalf of the Group less any amounts payable to third parties (including, without limitation, any writer's share or publisher's share of royalties owned by third parties) and all other costs and expenses of administering the Portfolio.

The Company will pay or reimburse Round Hill in respect of all out-of-pocket expenses properly incurred in respect of the performance of its obligations under the Portfolio Administration Agreement.

#### **Other service providers ongoing fees and expenses**

In addition to the fees payable to Round Hill, additional fees and expenses payable to other service providers include:

- *Administrator*

Under the terms of the Administration Agreement, the Administrator will be entitled to receive (for acting in its capacity as Administrator and Company Secretary) an annual fee of £115,000 plus an *ad valorem* fee of 0.05 per cent. calculated on the assets in excess of £300 million. The Administrator will, in addition, be entitled to administration and company secretarial fees in



respect of any UK Subsidiaries of the Company established from time to time. The Administrator is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

- *Registrar*

Under the terms of the Registrar Agreement, the Registrar is entitled to an annual fee of the higher of £6,000, £2,500 per register and £2.00 per Shareholder together with a UK transfer agent facility fee of £2,000 per annum. The Registrar is also entitled to reimbursement of all out of pocket costs, expenses and charges properly incurred on behalf of the Company.

### **Placing Programme expenses**

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including listing and Admission fees, as well as fees and commissions due under the Placing and Offer Agreement and any other applicable expenses in relation to the Placing Programme. It is currently anticipated that the costs and expenses of any Subsequent Placing will not exceed 2 per cent. of the gross proceeds of the relevant Subsequent Placing and will be borne by the holders of the Ordinary Shares or C Shares (as the case may be) as outlined below.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Economic Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing (including, without limitation, any placing commissions). The costs of any issue of C Shares will be allocated solely to the C Share pool of assets.

### **Ongoing annual expenses**

The Company will also incur additional ongoing administrative expenses to those fees paid to Round Hill and other service providers as described above, to include cost of directors' and officers' liability insurance, audit and legal fees and annual listing fees.

Given that many of the fees are irregular in their nature, the maximum amount of fees, charges and expenses that Shareholders will bear in relation to their investment cannot be disclosed in advance.

## **5. CONFLICTS OF INTEREST**

There may be occasions where the Investment Manager and other Manager Affiliated Parties may encounter potential conflicts of interest in connection with business activities and operations of the Company. With respect to any issue involving any potential conflicts of interest, the Investment Manager and Manager Affiliated Parties will be guided by their good faith judgement as to the best interests of the Company. If any matter arises that the Investment Manager and Manager Affiliated Parties determine in their good faith judgement constitutes an actual conflict of interest, the Investment Manager and Manager Affiliated Parties may take such actions as may be necessary or appropriate to ameliorate the conflict, including referring the matter for approval by the Board. All conflicts of interest must be brought to the attention of the Investment Manager's compliance officer.

Under the terms of the Investment Management Agreement, the Investment Manager and Manager Affiliated Parties may conduct other business in or connected to the music publishing business, the administration of Copyrights or the wider music business whether or not such business is in competition with the Company. Without limiting the generality of the foregoing the Investment Manager and Manager Affiliated Parties may act as investment adviser, investment manager or administrator for others, may manage funds, separate accounts or capital for others and may serve as an officer, director, consultant, partner or stockholder of one or more investment funds, partnerships, securities firms or advisory firms. In this regard, it should be noted that the Investment Manager serves as investment manager to Round Hill Fund One, Round Hill Music Royalty Fund II LP and Round Hill Music Royalty Fund III LP which deploy similar investment strategies to those of the Company (these funds together with future funds, separate accounts or capital that the Investment Manager and/or Manager Affiliated Parties may manage or advise and which deploy substantially similar investment strategies to those of the Company together the "**Other Round Hill Funds**"). The Investment Manager and/or Manager Affiliated Parties may from time to time, be

presented with investment opportunities that are consistent with the investment objective of the Company and one or more of the Other Round Hill Funds. In such circumstances (except as otherwise specifically provided for by the constitutional documents of the Other Round Hill Funds) the Investment Manager will allocate such opportunities among the Company and the Other Round Hill Funds provided that the Investment Manager will allocate available investment opportunities (each an “**Available Investment**”) among the Company and Other Round Hill Funds on the following basis:

- not less than 50 per cent. of each Available Investment will be internally allocated by the Investment Manager to the Company;
- the Investment Manager will then determine whether the Company is technically able to make the Available Investment (in whole or in part) by assessing: (i) the Available Investment against the Company’s Investment Policy (including investment restrictions), (ii) whether the Company has the funds available to make the Available Investment, and (iii) whether the anticipated returns from the Available Investment are consistent with the Company’s projected returns to Shareholders;
- if the Investment Manager determines that the Company is not technically able to make the Available Investment then the Other Round Hill Funds will be free to make the Available Investment;
- if the Company is able to make the Available Investment, but the Investment Manager determines that either: (i) it would be inappropriate for the Company to make the Available Investment, or (ii) recommends that the Company only makes part of the Available Investment alongside one or more of the Other Round Hill Funds, the Investment Manager shall discuss this decision with the Board and shall take into account any comments or instructions from the Board;
- if the Board agrees with the Investment Manager’s decision not to invest, then the Other Round Hill Funds will be free to make the Available Investment;
- If the Company decides to partially invest in an Available Investment, then Other Round Hill Funds may be offered the opportunity to take up the balance of the Available Investment; and
- in circumstances where the Company and one or more Other Round Hill Funds co-invest in an Available Investment, the Investment Manager shall ensure that they will invest on substantially the same terms.

For the avoidance of doubt the above procedures and policies shall not apply in respect of the Pipeline Investments which shall be allocated solely to the Company or to any investment opportunity presented or known to any Other Round Hill Funds prior to the date of the Initial Issue.

The Investment Manager may be faced with a variety of conflicts of interest when it determines allocations of various fees and expenses to the Company, Other Round Hill Funds and others to whom the Investment Manager and/or Manager Affiliated Parties are providing relevant services. The Investment Manager, in its sole discretion, will allocate fees and expenses in accordance with the constitutional documents of the Other Round Hill Funds and in a manner that it believes in good faith is fair and equitable to the Company under the circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional and will often depend on inherently subjective determinations.

The Directors are required by the RCIS Rules to take all reasonable steps to ensure that there is no breach of the conflicts of interest requirements of the RCIS Rules.

Save as set out above, as at the date of this document, there are: (i) no actual or potential conflicts of interest between any duties owed to the Company by the Directors or Round Hill and their respective private interest or duties; and (ii) no material potential conflicts of interest which any of the services providers to the Company may have as between their duty to the Company and duties owed by them to third parties and their other interests.

## **6. CORPORATE GOVERNANCE**

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, or with which it voluntarily complies; and (ii) describe its internal control and risk management

arrangements. The Board has considered the principles and recommendations of the AIC Code. The AIC Code addresses all the principles set out in the UK Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to listed investment companies. The Board considers that reporting against the principles and recommendations of the AIC Code will provide better information to Shareholders. As a recently incorporated company, the Company does not yet comply with the UK Corporate Governance Code or the principles of good governance contained in the AIC Code. However, the Company intends to join the AIC as soon as practicable following Initial Admission, and arrangements have been put in place so that, with effect from Initial Admission, the Company will comply with the AIC Code, which complements the UK Corporate Governance Code and provides a framework of best practice for listed investment companies.

The UK Corporate Governance Code includes provisions relating to:

- the appointment of a senior independent director;
- the role of the chief executive;
- executive Directors' remuneration; and
- the need for an internal audit function.

It is acknowledged in the UK Corporate Governance Code that some of its provisions may not be relevant to externally managed investment companies (such as the Company). The Board does not consider that the above provisions are relevant to the Company. The Company will therefore not comply with these provisions.

The Company's Audit Committee consists of all the Directors and is chaired by Trevor Bowen. The Audit Committee will meet at least two times a year. The Board considers that the members of the Audit Committee have the requisite skills and experience to fulfil the responsibilities of the Audit Committee. The Audit Committee will examine the effectiveness of the Company's control systems. It will review the half-yearly and annual reports and also receive information from Round Hill. It will also review the scope, results, cost effectiveness, independence and objectivity of the external Auditor. It is acknowledged that Trevor Bowen's membership of the Audit Committee is not consistent with the provisions of the UK Corporate Governance Code (as he is Chairman of the Board). Following Initial Admission the Board will look to appoint one or more additional Directors (with at least one having recent and relevant financial experience) with the intention that Trevor Bowen will retire as chair of the Audit Committee.

The GFSC's Finance Sector Code of Corporate Governance (the "**Code**") applies to the Company. The GFSC has stated in the Code that companies which report against the UK Corporate Governance Code or the AIC Code are deemed to meet the requirements of the Code and need take no further action. Accordingly, as the Company will report against the AIC Code, it will be deemed to meet the requirements of the Code.

In accordance with the AIC Code, the Company has established a Management Engagement Committee which is chaired by Francis Keeling and consists of all the Directors. The Management Engagement Committee will meet at least once a year or more often if required. Its principal duties will be to consider the terms of appointment of Round Hill and other service providers and it will annually review those appointments and the terms of engagement.

The Board as a whole will fulfil the responsibilities typically undertaken by a nomination committee and a remuneration committee.

## **7. ENVIRONMENTAL, SOCIAL AND GOVERNANCE RESPONSIBILITIES**

### **Environmental**

By virtue of the fact that the Company does not have a business of its own (all its Directors are non-executive) and its executive functions have been delegated to service providers, its direct impact on the environment is limited.

Notwithstanding the above, the Company will monitor its environmental foot print (and that of its service providers) to ensure compliance with good practice. This will include monitoring of carbon emissions (particularly in relation to travel arrangements), energy efficiency and waste management.

**Social**

The Company believes that the manner in which it (and its service providers) interacts with people, artists and songwriters, wider stakeholders (including Shareholders) and the community at large are a good proxy for long term business success.

The Company will monitor its activities (and those of its service providers) in terms of their social agenda. This will include monitoring relationships with people, artists and songwriters, the community at large and the extent to which the Company (and its service providers) actively embrace and champion social initiatives and good causes.

**Governance**

The Company is committed to good governance disciplines including in respect of diversity, inclusiveness, transparent Shareholder communication and engagement, management of conflicts of interest and effective Board management and controls.

**8. DIRECTORS' SHARE DEALINGS**

The Directors will comply with the share dealing code adopted by the Company in relation to their dealings in Shares. The Board will be responsible for taking all proper and reasonable steps to ensure compliance with the share dealing code by the Directors.

**9. TAKEOVER CODE**

The Takeover Code will apply to the Company from Initial Admission. Paragraph 5 of Part 7 of this document contains further information on the applicability of the Takeover Code to the Company.

## PART 4: THE INITIAL ISSUE

### 1. INTRODUCTION

The Company is targeting an issue of 375 million Ordinary Shares pursuant to the Initial Issue comprising the Initial Placing and the Offer for Subscription. The maximum number of Ordinary Shares to be issued pursuant to the Initial Issue shall not exceed 400 million. The Initial Issue has not been underwritten. The minimum size of the Initial Issue is 200 million Ordinary Shares.

The total number of Ordinary Shares to be issued pursuant to the Initial Issue and, therefore, the Gross Proceeds, are not known as at the date of this document but will be notified by the Company via a Regulatory Information Service announcement and the Company's website prior to Initial Admission.

The Net Proceeds, after deduction of expenses, are expected to be US\$367.5 million on the assumption that the Gross Proceeds are US\$375 million.

Applications will be made for the Ordinary Shares to be issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment. It is expected that Initial Admission will become effective and dealings in the Ordinary Shares will commence at 8.00 a.m. on 13 November 2020.

### 2. THE INITIAL ISSUE

#### **Overview**

Ordinary Shares will be issued pursuant to the Initial Issue at an Issue Price of US\$1.00 per Ordinary Share.

The Initial Issue is conditional, *inter alia*, on: (i) Initial Admission having become effective on or before 8.00 a.m. on 13 November 2020 or such later time and/or date as the Company, the Investment Manager and Cenkos may agree (being not later than 8.00 a.m. on 31 March 2021); (ii) the Placing and Offer Agreement becoming wholly unconditional in respect of the Initial Issue (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Cenkos may agree) being raised.

If the Initial Issue does not proceed (due to the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Cenkos may agree) not being raised or otherwise), any monies received under the Initial Issue will be returned without interest at the risk of the applicant to the applicant from whom the money was received, within 14 calendar days.

If the Minimum Gross Proceeds are not raised, the Initial Issue may only proceed where a supplementary prospectus (including a working capital statement based on a revised Minimum Net Proceeds figure) has been prepared in relation to the Company and approved by the FCA.

#### **Initial Placing**

Cenkos has agreed to use its reasonable endeavours to procure subscribers pursuant to the Initial Placing on the terms and subject to the conditions set out in the Placing and Offer Agreement.

The Ordinary Shares are being made available under the Initial Placing at the Issue Price. The terms and conditions that shall apply to any subscription for Ordinary Shares under the Initial Placing are set out in Part 9 of this document. The latest time and date for receipt of commitments under the Initial Placing is 3.00 p.m. on 10 November 2020 (or such later date, not being later than 31 March 2021, as the Company, the Investment Manager and Cenkos may agree).

If the Initial Placing is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

Each Placee agrees to be bound by the Articles once the Ordinary Shares that the Placee has agreed to subscribe for pursuant to the Initial Placing have been acquired by the Placee. The contract to subscribe for the Ordinary Shares under the Initial Placing 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.

Commitments under the Initial Placing, once made, may not be withdrawn without the consent of the Directors.

### **Offer for Subscription**

The Company is making an offer of Ordinary Shares pursuant to the Offer for Subscription at the Issue Price, subject to the terms and conditions of the Offer for Subscription as set out in Part 10 of this document. These terms and conditions and the Application Form set out in the Appendix to this document should be read carefully before an application is made. Investors should consult their independent financial adviser if they are in any doubt about the contents of this document or the acquisition of Ordinary Shares.

The Offer for Subscription is being made in the UK only.

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of US\$1,000 and thereafter in multiples of US\$100 or such lesser amount as the Company may determine (at its discretion). Multiple applications will not be accepted. Commitments under the Offer for Subscription, once made, may not be withdrawn without the consent of the Directors.

Application Forms should be returned to the Receiving Agent by no later than 1.00 p.m. on 10 November 2020.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 p.m. on 10 November 2020. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to the Receiving Agent's Participant Account 7RA80 by no later than 1.00 p.m. on 10 November 2020, allowing for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share in US\$ through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.

If the Offer for Subscription is extended, the revised timetable will be notified via a Regulatory Information Service announcement.

### **3. SCALING BACK AND ALLOCATION**

The results of the Initial Issue will be announced by the Company via a Regulatory Information Service.

In the event that commitments under the Initial Placing and valid applications under the Offer for Subscription exceed the maximum number of Ordinary Shares available under the Initial Issue (being 400 million Ordinary Shares), applications under the Initial Placing and Offer for Subscription will be scaled back at Cenkos' discretion (in consultation with the Company and the Investment Manager).

The Company reserves the right to decline in whole or in part any application for Ordinary Shares pursuant to the Initial Issue.

Monies received in respect of unsuccessful applications (or to the extent scaled back) will be returned without interest at the risk of the applicant to the applicant from whom the money was received, within 14 calendar days following the close of the Initial Issue.

### **4. REASONS FOR THE INITIAL ISSUE AND USE OF PROCEEDS**

The Initial Issue is intended to raise money for investment in accordance with the Company's Investment Policy in order to achieve its Investment Objective.

The Directors intend to use the Net Proceeds, after providing for the Company's operational expenses, to purchase investments in line with the Company's Investment Policy.

## **5. COSTS OF THE INITIAL ISSUE**

The formation and initial expenses of the Company are those that arise from, or are incidental to, the establishment of the Company, the Initial Issue and Initial Admission.

The costs and expenses of, and incidental to, the formation of the Company and the Initial Issue are not expected to exceed approximately US\$7.5 million (approximately £5.8 million), equivalent to 2 per cent. of the Gross Proceeds, assuming Gross Proceeds of US\$375 million. The costs and expenses will be deducted from the Gross Proceeds. The Company will not charge investors any separate costs or expenses in connection with the Initial Issue. It is expected that the starting Economic Net Asset Value per Ordinary Share will be 98 cents, assuming Gross Proceeds of US\$375 million.

## **6. WITHDRAWAL**

In the event that the Company is required to publish a supplementary prospectus prior to Initial Admission, applicants who have applied for Ordinary Shares under the Offer for Subscription shall have at least two clear Business Days following the publication of the relevant supplementary prospectus within which to withdraw their offer to acquire Ordinary Shares in the Initial Issue in its entirety. The right to withdraw an application to acquire Ordinary Shares in these circumstances will be available to investors in the Offer for Subscription only. If the application is not withdrawn within the stipulated period, any offer to apply for Ordinary Shares in the Initial Issue will remain valid and binding.

Investors under the Offer for Subscription wishing to exercise statutory withdrawal rights after the publication of a supplementary prospectus prior to Initial Admission must do so by lodging written notice of withdrawal by hand (during normal business hours only) to JTC Registrars Limited, Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, GY1 2HT or by emailing [registrars@jtcgroup.com](mailto:registrars@jtcgroup.com) so as to be received no later than two Business Days after the date on which the supplementary prospectus is published. Notice of withdrawal given by any other means or which is deposited with or received after expiry of such period will not constitute a valid withdrawal.

## **7. THE PLACING AND OFFER AGREEMENT**

The Placing and Offer Agreement contains provisions entitling Cenkos to terminate the Initial Issue (and the arrangements associated with it) at any time prior to Initial Admission in certain circumstances. If this right is exercised, the Initial Issue and these arrangements will lapse and any monies received in respect of the Initial Issue will be returned to each applicant without interest at the risk of the applicant to the applicant from whom the money was received.

The Placing and Offer Agreement provides for Cenkos to be paid commissions by the Company in respect of the Ordinary Shares to be issued pursuant to the Initial Issue. Any Ordinary Shares subscribed for by Cenkos may be retained or dealt in by it for its own benefit.

Further details of the terms of the Placing and Offer Agreement are set out in paragraph 6.1 of Part 7 of this document.

## **8. GENERAL**

Pursuant to anti-money laundering laws and regulations with which the Company must comply, the Company (and its agents) may require evidence in connection with any application for Ordinary Shares, including further identification of the applicant(s), before any Ordinary Shares are issued pursuant to the Initial Issue.

In the event that there are any material changes affecting any of the matters described in this document or where any significant new factors have arisen after the publication of this document, the Company will publish a supplementary prospectus. The supplementary prospectus will give details of the material change(s) or the significant new factor(s).

## **9. INITIAL ADMISSION, CLEARING AND SETTLEMENT**

Applications will be made for the Ordinary Shares issued pursuant to the Initial Issue to be admitted to trading on the Specialist Fund Segment. It is expected that Initial Admission will become effective, and that dealings in the Ordinary Shares will commence, at 8.00 a.m. on 13 November 2020.

An investor applying for Ordinary Shares in the Initial Issue may receive Ordinary Shares in certificated or uncertificated form. The Ordinary Shares are in registered form. No temporary documents of title will be issued. Dealings in Ordinary Shares in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. It is expected that CREST accounts will be credited as soon as possible following 8.00 a.m. on 13 November 2020 in respect of Ordinary Shares issued in uncertificated form and definitive share certificates in respect of Ordinary Shares held in certificated form will be despatched by post after the week commencing 23 November 2020 (or as soon as possible thereafter), at the Shareholder's own risk.

The ISIN of the Ordinary Shares is GG00BMXNVC81 and the SEDOL is BMXNVC8.

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

## **10. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Ordinary Shares under the CREST system. The Company has applied for the Ordinary Shares to be admitted to CREST with effect from Initial Admission. Accordingly, settlement of transactions in the Ordinary Shares following Initial Admission may take place within the CREST system if any Shareholder so wishes.

## **11. OVERSEAS PERSONS**

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Ordinary Shares under the Initial Issue to Overseas Persons may be affected by the laws of 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 obtain Ordinary Shares under the Initial Issue. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Ordinary Shares under the Initial Issue to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of the Ordinary 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. Accordingly, the Ordinary Shares are being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Ordinary Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, 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 in the United States.

In addition, until 40 calendar days after the commencement of the Initial Issue, an offer or sale of the Ordinary Shares within the United States by any dealer (whether or not participating in the Initial Issue) may violate the registration requirements of the U.S. Securities Act.



The Company reserves the right to treat as invalid any agreement to subscribe for Ordinary Shares under the Initial Issue 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.

#### **United States transfer restrictions**

Each of Cenkos and the Company has acknowledged and warranted in the Placing and Offer Agreement that it will not offer or sell or procure the offer or sale of the Ordinary Shares except in compliance with Regulation S. The Ordinary 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. Accordingly, investors may not reoffer, resell, pledge or otherwise transfer or deliver, directly or indirectly, any Ordinary Shares within the United States, or to, or for the account or benefit of, any U.S. Person.

#### **12. PROFILE OF A TYPICAL INVESTOR**

The Ordinary Shares are designed to be suitable for institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or have been advised of, the potential risks from investing in the Company. The Ordinary 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 Ordinary Shares is part of a diversified investment programme and who fully understand and are willing to assume the risks involved in such an investment.

The Ordinary Shares are being offered under the Offer for Subscription only to facilitate the participation of investors who understand, or have been advised of, the potential risk from investing in companies admitted to trading on the Specialist Fund Segment.

## PART 5: THE PLACING PROGRAMME

### 1. INTRODUCTION

The Company may issue up to 750 million Shares on a non-pre-emptive basis pursuant to the Placing Programme.

The Placing Programme is flexible and may have a number of closing dates in order to provide the Company with the ability to issue Shares over a period of time. The Placing Programme is intended to satisfy market demand for Shares and to raise further money after the Initial Issue to increase the size of the Company and invest in accordance with the Company's Investment Policy.

### 2. THE PLACING PROGRAMME

The Placing Programme will open on 13 November 2020 and will close on 18 October 2021 (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors). The terms and conditions that apply to the purchase of the Shares under the Placing Programme are set out in Part 9 of this document.

The Company will have the flexibility to issue Shares on a non-pre-emptive basis where there appears to be reasonable demand for Shares in the market, for example if the Ordinary Shares trade at a premium to the Economic Net Asset Value per Ordinary Share.

The issues of Shares under the Placing Programme is at the discretion of the Directors. Issues may take place at any time prior to the Final Closing Date (or any earlier date on which it is fully subscribed, or otherwise at the discretion of the Directors). An announcement of each Subsequent Placing under the Placing Programme will be released via a Regulatory Information Service, including details of the number of Shares to be issued and the Placing Programme Price for the Subsequent Placing.

There is no minimum subscription. The Placing Programme is not being underwritten and, as at the date of this document, the actual number of Shares to be issued under the Placing Programme is not known. The maximum number of Shares available under the Placing Programme should not be taken as an indication of the number of Shares finally to be issued.

Where new Shares are issued pursuant to the Placing Programme, the total assets of the Company will increase by that number of Shares multiplied by the relevant Placing Programme Price less the expenses of such issuance.

The Net Proceeds of any Subsequent Placing under the Placing Programme are dependent, *inter alia*, on, the level of subscriptions received, the price at which such Shares are issued and the costs of the Subsequent Placing.

The Ordinary Shares issued pursuant to the Placing Programme will rank *pari passu* with the Ordinary Shares then in issue (save for any dividends or other distributions declared, made or paid on the Ordinary Shares by reference to a record date prior to the issue of the relevant Ordinary Shares).

The Placing Programme will be suspended at any time when the Company is unable to issue Shares under any statutory provision or other regulation applicable to the Company or otherwise at the Directors' discretion. The Placing Programme may resume when such conditions cease to exist.

#### **Conditions**

Each issue of Shares pursuant to a Subsequent Placing under the Placing Programme is conditional, *inter alia*, on;

- Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager and Cenkos may agree from time to time in relation to that Admission, not being later than the Final Closing Date;
- a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules;
- the Placing Programme Price being determined by the Directors in consultation with Cenkos and the Investment Manager; and

- the Placing and Offer Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

### **3. THE PLACING PROGRAMME PRICE**

Save as set out below, the minimum price at which Ordinary Shares will be issued pursuant to any Subsequent Placing will be equal to the prevailing published Economic Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions).

Notwithstanding the above, the Company (subject to any regulatory clearances and/or confirmations that the Company may require) shall be entitled (but not obliged) to issue Ordinary Shares at the Issue Price to investors in Round Hill Fund One that wish to re-invest any distributions received by them from Round Hill Fund One immediately following any disposal by Round Hill Fund One to the Company of all or any of the Pipeline Investments.

The Placing Programme Price (which will be determined by the Directors in consultation with Cenkos and the Investment Manager) will be announced via a Regulatory Information Service as soon as practicable in conjunction with each Subsequent Placing.

Any C Shares issued pursuant to a Subsequent Placing will be issued at an issuance price of US\$1.00 per C Share.

### **4. BENEFITS OF THE PLACING PROGRAMME**

The Directors believe that the issue of Shares pursuant to the Placing Programme should yield the following principal benefits:

- give the Company the ability to issue Ordinary Shares, so as to better manage the premium at which the Ordinary Shares may trade relative to the Economic Net Asset Value per Ordinary Share;
- enhance the Economic Net Asset Value per Ordinary Share of existing Ordinary Shares through new issuances of Ordinary Shares at a premium to the prevailing published Economic Net Asset Value per Ordinary Share;
- grow the Company, thereby spreading operating costs over a larger capital base which should reduce the ongoing charges ratio;
- the Company will be able to raise additional capital promptly, allowing it to take advantage of future investment opportunities as and when they arise, further diversifying the Company's portfolio of investments; and
- improve liquidity in the market for the Ordinary Shares.

### **5. COSTS OF THE PLACING PROGRAMME**

The costs and expenses of the Company relating to the Placing Programme are those that arise from, or are incidental to, the issue of Shares pursuant to Subsequent Placings. These include the fees payable in relation to each subsequent Admission, including listing and Admission fees, as well as fees and commissions due under the Placing and Offer Agreement and any other applicable expenses in relation to the Placing Programme.

The costs and expenses of issuing Ordinary Shares pursuant to any Subsequent Placing will be covered by issuing such Ordinary Shares at the prevailing published Economic Net Asset Value per Ordinary Share at the time of issue together with a premium to at least cover the costs and expenses of the relevant Subsequent Placing of Ordinary Shares (including, without limitation, any placing commissions). The costs of any issue of C Shares will be allocated solely to the C Share pool of assets.

## **6. SCALING BACK**

In the event of oversubscription of a Subsequent Placing, applications under the relevant Subsequent Placing will be scaled back at the absolute discretion of Cenkos (in consultation with the Company and the Investment Manager).

## **7. THE PLACING AND OFFER AGREEMENT**

Under the Placing and Offer Agreement, Cenkos has undertaken, as agent for the Company, to use its reasonable endeavours to procure subscribers under the Placing Programme for Shares at the Placing Programme Price. Details of the Placing and Offer Agreement are set out in paragraph 6 of Part 7 of this document.

The Placing and Offer Agreement provides for Cenkos to be paid commissions by the Company in respect of the Shares to be issued pursuant to the Placing Programme. Any Shares subscribed for by Cenkos may be retained or dealt in by it for its own benefit. Cenkos is also entitled under the Placing and Offer Agreement to retain agents and may pay commission in respect of the Placing Programme to any or all of those agents out of its own resources.

In circumstances in which the conditions to a Subsequent Placing are not fully met, the relevant issue of Shares pursuant to the Placing Programme will not take place.

## **8. VOTING DILUTION**

If 750 million Ordinary Shares were to be issued pursuant to Subsequent Placings, and assuming the Initial Issue had been subscribed as to 375 million Ordinary Shares, there would be a dilution of approximately 67 per cent. in Shareholders' voting control of the Company immediately after the Initial Issue. It is not anticipated that there would be any dilution in the Economic Net Asset Value per Ordinary Share as a result of the Placing Programme.

## **9. USE OF PROCEEDS**

The Directors intend to use the Net Proceeds of any Subsequent Placing under the Placing Programme to acquire investments in accordance with the Company's Investment Policy and for working capital purposes.

## **10. ADMISSION AND SETTLEMENT**

The Placing Programme may have a number of closing dates in order to provide the Company with the ability to issue Shares over the duration of the Placing Programme. Shares may be issued under the Placing Programme from 13 November 2020 until 18 October 2021.

Applications will be made to the London Stock Exchange for all of the Shares issued pursuant to the Placing Programme to be admitted to trading on the Specialist Fund Segment. It is expected that any Admissions pursuant to Subsequent Placings will become effective and dealings will commence between 13 November 2020 and 18 October 2021. All Shares issued pursuant to the Placing Programme will be issued conditionally on such Admission occurring.

Shares will be issued in registered form and may be held in either certificated or uncertificated form. In the case of Shares to be issued in uncertificated form pursuant to a Subsequent Placing, these will be transferred to successful applicants through the CREST system. Dealing in advance of the crediting of the relevant stock account shall be at the risk of the person concerned. Whilst it is expected that all Shares issued pursuant to the Placing Programme will be issued in uncertificated form, if any Shares are issued in certificated form it is expected that share certificates will be despatched approximately one week following Admission of the Shares, at the Shareholder's own risk.

The ISIN number of the Ordinary Shares is GG00BMXNVC81 and the SEDOL code is BMXNVC8.

The ISIN number of the C Shares is GG00BMGWMM188 and the SEDOL code is BMGWMM18.

Any Shares issued pursuant to the Placing Programme will rank *pari passu* with the Shares then in issue (save for any dividends or other distributions declared, made or paid on the Shares by reference to a record date prior to the issue of the relevant Shares).

## **11. CREST**

CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of Shares under the CREST system. The Company shall apply for the Shares offered under the Placing Programme to be admitted to CREST with effect from Admission. Accordingly, settlement of transactions in the Shares following an Admission may take place within the CREST system if any holder of such Shares so wishes.

## **12. OVERSEAS PERSONS**

The attention of potential investors who are Overseas Persons is drawn to the paragraphs below.

The offer of Shares under the Placing Programme to Overseas Persons may be affected by the laws of 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 obtain Shares under the Placing Programme. It is the responsibility of all Overseas Persons receiving this document and/or wishing to subscribe for Shares under the Placing Programme to satisfy themselves as to full observance of the laws of the relevant territory in connection therewith, including obtaining all necessary governmental or other consents that may be required and observing all other formalities needing to be observed and paying any issue, transfer or other taxes due in such territory.

No person receiving a copy of this document in any territory other than the UK may treat the same as constituting an offer or invitation to him/her under the Placing Programme, unless in the relevant territory such an offer can lawfully be made to him/her without compliance with any further registration or other legal requirements.

Persons (including, without limitation, nominees and trustees) receiving this document may not distribute or send it to any U.S. Person or in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. In particular, investors should note that the Company has not, and will not be, registered under the U.S. Investment Company Act and the offer, issue and sale of 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. Accordingly, the Shares are only being offered and sold outside the United States to non-U.S. Persons in reliance on the exemption from the registration requirements of the U.S. Securities Act provided by Regulation S thereunder. The Shares may not be offered, sold, pledged or otherwise transferred or delivered, directly or indirectly, within the United States or to, or for the account or benefit of, any U.S. Person, 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 in the United States.

The Company reserves the right to treat as invalid any agreement to subscribe for Shares under the Placing Programme 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.

## **13. PROFILE OF A TYPICAL INVESTOR**

The Shares are designed to be suitable for institutional investors, professional investors, professionally advised investors and knowledgeable investors who understand, or have been advised of, the potential risks from investing in the Company. 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.

## PART 6: TAXATION

### 1. GENERAL

Prospective investors should consult their professional advisers concerning the possible tax consequences of their subscribing for, purchasing, holding or selling Shares. The following summary of the principal United Kingdom and Guernsey tax consequences applicable to the Company and its Shareholders is based upon interpretations of existing laws in effect on the date of this document and no assurance can be given that courts or fiscal authorities responsible for the administration of such laws will agree with the interpretations or that changes in such laws will not occur. The tax and other matters described in this document are not intended as legal or tax advice. Each prospective investor must consult its own advisers with regard to the tax consequences of an investment in Shares. None of the Company, the Directors, Cenkos, the Investment Manager or any of their respective affiliates or agents accepts any responsibility for providing tax advice to any prospective investor.

Investors should note that whilst the Company was incorporated in Guernsey it is the intention that the Company (together with any subsidiaries it may incorporate) shall be resident in the United Kingdom for taxation purposes.

### 2. UNITED KINGDOM

#### *Introduction*

The information below, which relates only to United Kingdom taxation, summarises the advice received by the Board in so far as applicable to the Company and to persons who are resident in the United Kingdom for taxation purposes and who hold Shares as an investment. It is based on current United Kingdom tax law and published practice, which law or practice is, in principle, subject to any subsequent changes therein (potentially with retrospective effect). 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 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.

There may be other tax consequences of an investment in the Company and all Shareholders or potential investors, in particular those who are in any doubt about their tax position, or who are resident or otherwise subject to taxation in a jurisdiction outside the United Kingdom, should consult an appropriate professional adviser without delay. In particular, the tax legislation of the Shareholder's or potential investor's country of domicile or residence and of the Company's country of incorporation may have an impact on income received from the Shares.

#### *The Company*

It is the intention of the Directors to conduct the affairs of the Company so that it satisfies and continues to satisfy the conditions necessary for it to be approved by HMRC as an investment trust under sections 1158 to 1159 of the CTA 2010. It is intended that the Company will apply to HMRC for approval of investment trust company status by the relevant deadline. However, neither the Directors, nor the Investment Manager can guarantee that this approval will be granted or maintained. One of the conditions for a company to qualify as an investment trust is that it is not a close company. The Directors intend that the Company should not be a close company immediately following Initial Admission. In respect of each accounting period for which the Company continues to be approved by HMRC as an investment trust the Company will be exempt from UK taxation on its capital gains. The Company will, however, (subject to what follows) be liable to UK corporation tax on its income in the normal way.

An investment trust approved under sections 1158 to 1159 of the CTA 2010, or one that intends to seek such approval, is able to elect to take advantage of modified UK tax treatment in respect of its "qualifying interest income" for an accounting period (referred to here as the "streaming" regime). Under regulations made pursuant to the Finance Act 2009, the Company may, if it so chooses, designate as an "interest distribution" all or part of the amount it distributes to Shareholders as dividends in respect of the accounting period, to the extent that it has "qualifying interest income" for the accounting period. Were the Company to designate any dividend it pays in this manner, it

would be able to deduct such interest distributions from its taxable interest income in calculating its taxable profit for the relevant accounting period.

The Company should in practice be exempt from UK corporation tax on any dividend income received, provided that such dividends (whether from UK or non-UK companies) fall within one of the “exempt classes” in Part 9A of the CTA 2009.

## **Shareholders**

### ***Taxation of capital gains***

Individual Shareholders who are resident in the UK for tax purposes will generally be subject to capital gains tax in respect of any gain arising on a disposal of their Shares. Each such individual has 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 £12,300 for the tax year 2020–2021. Capital gains tax chargeable will be at the current rate of 10 per cent. (for basic rate tax payers) and 20 per cent. (for higher and additional rate tax payers) for the tax year 2020–2021.

Shareholders who are individuals and who are temporarily non-resident in the UK may, under anti-avoidance legislation, still be liable to UK tax on any capital gain realised (subject to any available exemption or relief).

Corporate Shareholders who are resident in the UK for tax purposes will generally be subject to corporation tax on chargeable gains arising on a disposal of their Shares.

Capital losses realised on a disposal of Shares must be set off as far as possible against chargeable gains for the same tax year (or accounting period in the case of a corporate Shareholder), even if this reduces an individual Shareholder’s total gain below the annual exemption. Any balance of losses is carried forward without time limit and set off against net chargeable gains (that is, after deducting the annual exemption) in the earliest later tax year. Losses cannot generally be carried back, with the exception of losses accruing to an individual Shareholder in the year of his/her death.

### ***Taxation of dividends***

Distributions made by the Company may take either the form of dividend distributions or interest distributions which may be designated as interest distributions for UK tax purposes. Prospective investors should note that the UK tax treatment of the Company’s distributions may vary for a Shareholder depending upon the classification of such distributions. Prospective investors who are unsure about the tax treatment which will apply to them in respect of any distributions made by the Company should consult their own tax advisers.

#### ***Individual Shareholders***

##### **(a) Non interest distributions**

In the event that the Directors do not elect for the “streaming” regime to apply to any dividends paid by the Company, the following statements summarise the expected UK tax treatment for individual Shareholders who receive dividends from the Company. The following statements would also apply to any dividends not treated as “interest distributions” were the Directors to elect for the streaming regime to apply.

A £2,000 annual tax free dividend allowance is available to UK individuals for the tax year 2020-2021. Dividends received in excess of this threshold will be taxed, for the tax year 2020-2021 at 7.5 per cent. (basic rate taxpayers), 32.5 per cent. (higher rate taxpayers) and 38.1 per cent. (additional rate taxpayers).

The Company will not be required to withhold tax at source when paying a dividend.

##### **(b) Interest distributions**

Should the Directors elect to apply the “streaming” regime to any dividends paid by the Company, were the Company to designate any dividends paid as an “interest distribution”, a UK resident Shareholder in receipt of such a dividend would be treated as though they had received a payment of interest. Such a Shareholder would be subject to UK income tax at the current rates of 20 per

cent., 40 per cent. or 45 per cent., depending on the level of the Shareholder's income. No withholding tax will be applied to such distributions.

Each UK resident individual who is a basic rate taxpayer is entitled to a Personal Saving Allowance which exempts the first £1,000 of savings income (including distributions deemed as 'interest distributions' from an investment trust company). The exempt amount is reduced to £500 for higher rate taxpayers and additional rate taxpayers do not receive an allowance.

#### *Other Shareholders*

UK resident corporate Shareholders may be subject to corporation tax on dividends paid by the Company unless they fall within one of the exempt classes in Part 9A of CTA 2009. If, however, the Directors did elect for the "streaming" rules to apply, and such corporate Shareholders were to receive dividends designated by the Company as "interest distributions", they would be subject to corporation tax in the same way as a creditor in a loan relationship.

**It is particularly important that prospective investors who are not resident in the UK for tax purposes obtain their own tax advice concerning tax liabilities on dividends received from the Company.**

#### ***UK Stamp Duty and Stamp Duty Reserve Tax***

No UK stamp duty or stamp duty reserve tax ("SDRT") will normally arise on the issue or transfer of Shares.

#### ***ISA, SSAS and SIPP***

Ordinary Shares acquired by a UK resident individual Shareholder in the Offer for Subscription or on the secondary market (but not the Initial Placing or any Subsequent Placing) should be eligible to be held in a stocks and shares ISA, subject to applicable annual subscription limits (£20,000 in the tax year 2020-2021). Investments held in ISAs will be free of UK tax on both capital gains and income. The opportunity to invest in Shares through an ISA is restricted to certain UK resident individuals aged 18 or over. Junior ISAs are available to children under the age of 18 who are resident in the UK subject to the annual allowance of £4,368 for the 2020-2021 tax year. Sums received by a Shareholder on a disposal of Shares would not count towards the Shareholder's annual limit; but a disposal of Shares held in an ISA will not serve to make available again any part of the annual subscription limit that has already been used by the Shareholder in that tax year.

**Individuals wishing to invest in Shares through an ISA should contact their professional advisers regarding their eligibility.**

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

#### **Information reporting**

The UK has entered into international agreements with a number of jurisdictions which provide for the exchange of information in order to combat tax evasion and improve tax compliance. These include, but are not limited to, an Inter-governmental Agreement with the U.S. in relation to FATCA and International Tax Compliance Agreements with Guernsey, Jersey, the Isle of Man and Gibraltar. The UK has also introduced legislation implementing other international exchange of information arrangements, including the Common Reporting Standard developed by the Organisation for Economic Co-operation and Development and the EU Directive on Administrative Cooperation in Tax Matters. In connection with such agreements and arrangements the Company may, among other things, be required to collect and report to HMRC certain information regarding Shareholders and other account holders of the Company and HMRC may pass this information on to the authorities in other jurisdictions.

### **3. GUERNSEY**

#### **The Company**

It is the intention of the Directors to conduct the affairs of the Company so that it is resident in the United Kingdom for taxation purposes and not resident in Guernsey. The Company intends to apply for non-resident status with the Guernsey Revenue Service. To the extent that an annual



confirmation of non-residence may be required in Guernsey, the Directors intend to submit such application.

Upon the approval of non-resident status by the Guernsey Revenue Service, the Company will be treated as non-resident for Guernsey tax purposes and will only be subject to tax on Guernsey sourced income (excluding bank interest) and income from activities carried on from a permanent establishment in Guernsey.

#### *Stamp duty*

Guernsey does not currently impose stamp duty or capital duty on the issue or transfer of Shares, other than document duty which can apply in some instances where a company holds Guernsey situated real estate, which is not expected to apply to the Company.

#### **Shareholders**

Non-Guernsey resident Shareholders are not subject to any income tax in Guernsey in respect of, or, in connection with the acquisition, holding or disposal of any Shares owned by them.

Distributions made by the Company to non-resident Shareholders will not be subject to withholding of any Guernsey income tax.

Distributions made by the Company to Guernsey resident Shareholders will be taxed on the Shareholder at the standard income tax rate of 20 per cent. for individuals (subject to the individual's personal circumstances, which may include payment of the tax cap or standard charge) and 0 per cent. for corporations irrespective of whether the corporation is itself taxable in Guernsey on sources of income at a rate other than 0 per cent.

Provided the Company obtains and maintains Guernsey non-resident status, there would be no requirement for the Company to withhold tax from the payment of a distribution to a Guernsey resident Shareholder.

## PART 7: GENERAL INFORMATION

### 1. THE COMPANY

- 1.1 The Company was incorporated as a non-cellular company limited by shares in Guernsey under the Companies Law on 5 August 2020 with registered number 68002.
- 1.2 The registered office and principal place of business of the Company is Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT with telephone number +44 (0) 1481 702400.
- 1.3 The principal legislation under which the Company operates is the Companies Law and ordinances and regulations made thereunder. The Company is registered with the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules. The Company will not be regulated as a collective investment scheme by the FCA. However, from Initial Admission, the Company and the Shareholders will be subject to the Prospectus Regulation Rules, the Disclosure Guidance and Transparency Rules, the Prospectus Regulation, MAR and the rules of the London Stock Exchange. The Company also intends to carry on business as an investment trust within the meaning of section 1158 of CTA 2010.
- 1.4 Save for entry into of the material contracts summarised in paragraph 6 of this Part 7, the Company has not commenced operations since incorporation and, as at the date of this document, no financial statements have been made up and no dividends have been declared by the Company.
- 1.5 The Company's accounting period will end on 31 December of each year. The first accounting period will end on 31 December 2021. The annual report and accounts will be prepared in US Dollars according to accounting standards laid out under IFRS.
- 1.6 Notwithstanding incorporation in Guernsey the Company will, for taxation and other purposes, be domiciled and resident in the United Kingdom. The Company does not own any premises and, as at the date of this document, has no subsidiaries.
- 1.7 The Company has been established with an indefinite life.

### 2. SHARE CAPITAL

- 2.1 The Company is authorised pursuant to its Articles to issue an unlimited number of Shares. One redeemable share of no par value was issued on incorporation at an issue price of £1.00 and is held by Round Hill, which share will be redeemed by the Company for nil consideration upon Initial Admission. As at the date of this document, the issued share capital of the Company comprises one redeemable share of no par value.
- 2.2 On the assumption that the Gross Proceeds are US\$375 million, the issued share capital of the Company will, at Initial Admission, consist of 375 million Ordinary Shares.
- 2.3 As at the date of this document, the Company has not repurchased any Ordinary Shares since its incorporation and no Ordinary Shares are held as treasury shares. All Ordinary Shares will be fully paid.
- 2.4 By ordinary and special resolutions passed on 2 October 2020:
  - 2.4.1 the Articles were approved and adopted in substitution for and to the exclusion of the then existing articles of incorporation;
  - 2.4.2 the Directors were empowered to issue, to grant rights to subscribe for, to convert and to make offers or agreements to issue equity securities for cash as if the pre-emption rights contained in the Articles in respect of such equity securities did not apply to any such issue, provided that this power shall be limited to:
    - 2.4.2.1 the issue of up to 400 million Ordinary Shares pursuant to the Initial Issue;
    - 2.4.2.2 otherwise than pursuant to the authority described in subparagraph 2.4.2.1 above, the issue of up to 2 billion Shares (being either Ordinary Shares and/or C Shares); and

- 2.4.2.3 the sale of such number of treasury shares as is equal to the number of Ordinary Shares held in treasury at any time following the Initial Issue, and such authority will, unless previously revoked or varied expire on the fifth anniversary of the passing of the resolutions save that the Company may, before such expiry, make an offer or agreement which would or might require Shares to be issued after such expiry and the Directors may issue equity securities in pursuance of any such offer or agreement as if this power had not expired;
- 2.4.3 the Company was authorised in accordance with the Companies Law to make market purchases (as defined in the Companies Law) of its own Ordinary Shares either for cancellation or to hold as treasury shares for future resale or transfer, provided that:
- 2.4.3.1 the maximum number of Ordinary Shares authorised to be purchased is 14.99 per cent. of the Ordinary Shares in issue immediately following completion of the Initial Issue;
- 2.4.3.2 the minimum price which may be paid for an Ordinary Share is US\$0.01;
- 2.4.3.3 the maximum price (exclusive of expenses) which may be paid for an Ordinary Share must not be more than the higher of:
- 2.4.3.3.1 5 per cent. above the average of the mid-market quotations for the five Business Days before the purchase is made; and
- 2.4.3.3.2 the higher of (a) the price of the last independent trade and (b) the highest current independent bid for Ordinary Shares on the London Stock Exchange at the time the purchase is carried out,
- and such authority will expire on the earlier of the conclusion of the first annual general meeting of the Company and 31 December 2021, save that the Company may contract to purchase Ordinary Shares under the authority thereby conferred prior to the expiry of such authority, which contract will or may be executed wholly or partly after the expiry of such authority and may purchase Ordinary Shares in pursuance of such contract.
- 2.5 The Company is permitted to fund the payments for purchases of Ordinary Shares in any manner permitted by the Companies Law and the Directors must have reasonable grounds for believing that the Company will satisfy the solvency test prescribed by the Companies Law immediately after making such purchases.
- 2.6 In accordance with the authorities granted to the Directors as set out in paragraph 2.4 above and by the Articles, it is expected that the Shares to be issued pursuant to the Initial Issue and the Placing Programme will be issued (conditionally upon relevant Admission) pursuant to a resolution of the Board to be passed shortly before each relevant Admission in accordance with the Companies Law.
- 2.7 No share or loan capital of the Company has since the date of incorporation of the Company been issued or been agreed to be issued, fully or partly paid, either for cash or for a consideration other than cash, and, other than pursuant to the Initial Issue and the Placing Programme, no such issue is now proposed.
- 2.8 As at the date of this document the Company has not granted any options over its share or loan capital which remain outstanding and has not agreed, conditionally or unconditionally, to grant any such options and no convertible securities, exchangeable securities or securities with warrants have been issued by the Company.
- 2.9 All of the Shares will be in registered form and will be eligible for settlement in CREST. Temporary documents of title will not be issued.
- 2.10 Applicants who have signed and returned Application Forms in respect of the Offer for Subscription may not withdraw their applications for Ordinary Shares subject to their statutory rights of withdrawal in the event of the publication of a supplementary prospectus.

### 3. INTERESTS OF DIRECTORS, MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

3.1 The Directors intend to subscribe for Ordinary Shares pursuant to the Initial Issue in the amounts set out below:

<b>Director</b>	<b>Number of Ordinary Shares</b>	<b>% of issued Ordinary Share capital*</b>
Trevor Bowen	75,000	0.02
Caroline Chan	50,000	0.01
Francis Keeling	20,000	0.005

\* Assuming that the Initial Issue is subscribed as to 375 million Ordinary Shares

Save as disclosed in this paragraph, immediately following Initial Admission, no Director will have any interest, whether beneficial or non-beneficial, in the share or loan capital of the Company.

- 3.2 No Director has a service contract with the Company, nor are any such contracts proposed, each Director having been appointed pursuant to a letter of appointment entered into with the Company. Each Director will retire from office at each annual general meeting except any Director appointed by the Board after the notice of that annual general meeting has been given and before that annual general meeting has been held. The Directors' appointments can be terminated by either party in accordance with the Articles and on three months' written notice, in both cases without compensation. 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 six consecutive months or more; or (iii) written request of all of the other Directors.
- 3.3 Each of the Directors is entitled to receive a fee from the Company at such rate as may be determined in accordance with the Articles. Save for the Chairperson, the initial fees will be £35,000 for each Director per annum. The Chairperson's initial fee will be £45,000 per annum. The Chairperson of the Audit Committee and the Management Engagement Committee will each receive an additional £5,000 per annum. The Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties.
- 3.4 No amount has been set aside or accrued by the Company to provide pensions, retirement or other similar benefits.
- 3.5 Save as set out in this paragraph 3, 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 the Company or that has been effected by the Company since its incorporation.
- 3.6 The Company has not made any loans to the Directors which are outstanding, nor has it ever provided any guarantees for the benefit of any Director or the Directors collectively.
- 3.7 Over the five years preceding the date of this document, the Directors hold or have held the following directorships (apart from their directorships of the Company) or memberships of administrative, management or supervisory bodies and/or partnerships:

<b>Name</b>	<b>Current</b>	<b>Previous</b>
Trevor Bowen	Love Supreme Festival Limited Nocturne Live Events Limited Neapolitan Live Events Limited Crownway Entertainment Limited Grand Canal Theatre Co. Limited Run Angel Limited CEIBA Investments Limited Kennedy Wilson Holdings Inc. Kennedy Wilson Europe Limited Kennedy Wilson, Ireland KW Investment Funds ICAV	Mother Records Limited Ardmore Studios Limited The Corn Exchange Theatre Co. Limited KW Real Estate IV Limited KW Rockbrook Real Estate Limited KWF Alliance Limited KWF Brooklawn Real Estate Limited KWF SS Briton Limited KWF SS Real Estate Limited

<b>Name</b>	<b>Current</b>	<b>Previous</b>
	KW Real Estate ICAV KW PRS ICAV	
Caroline Chan	Guernsey Competition and Regulatory Authority The Ladies' College, Guernsey Seaview Investments Limited	Mourant Ozannes Mourant LP Mourant Securities Limited
Francis Keeling	—	—

3.8 The Directors in the five years before the date of this document:

3.8.1 do not have any convictions in relation to fraudulent offences;

3.8.2 have not been associated with any bankruptcies, receiverships, liquidations or administrations of any partnership or company through acting in the capacity as a member of the administrative, management or supervisory body or as a partner, founder or senior manager of such partnership or company; and

3.8.3 do not have any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies) and have not been disqualified by a court from acting as a member of the administration, management or supervisory bodies of any issuer or from acting in the management or conduct of the affairs of any issuer.

3.9 As at the date of this document insofar as known to the Company, there are no parties known to have a notifiable interest under English or Guernsey law in the Company's capital or voting rights.

3.10 All Shareholders have the same voting rights in respect of shares of the same class in the share capital of the Company.

3.11 Pending the issue of Ordinary Shares pursuant to the Initial Issue, the Company is controlled by Round Hill, as described in paragraph 2 of this Part 7. The Company and the Directors are not otherwise aware of any other person who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

3.12 Save as disclosed in Part 1 of this document, the Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change in control of the Company.

3.13 Save for the entry into of the Directors' appointment letters, the Investment Management Agreement and the Portfolio Administration Agreement, the Company has not entered into any related party transaction at any time during the period from incorporation to 16 October 2020 (the latest practicable date prior to the publication of this document).

3.14 As at the date of this document, none of the Directors has any conflict of interest or potential conflict of interest between any duties to the Company and their private interests and/or other duties.

3.15 The Company intends to maintain Directors' and officers' liability insurance on behalf of the Directors at the expense of the Company.

#### **4. THE ARTICLES**

Under the memorandum of incorporation, the objects of the Company are unrestricted. The memorandum of incorporation is available for inspection at the addresses specified in paragraph 12 of this Part 7.

The following is a summary of certain provisions of the Articles.

#### 4.1 Definitions

The following definitions apply for the purposes of this Part 7 in addition to, or (where applicable) in substitution for, the definitions applicable elsewhere in this document:

**“Authorised Operator”** means the authorised operator (as defined in the CREST Regulations) of an Uncertificated System;

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

**“Commodity Exchange Act”** means the United States Commodity Exchange Act, 1936, as amended or any substantially equivalent successor legislation;

**“Disclosure Notice”** has the meaning set out in sub-paragraph 4.4.1 below;

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

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

**“International Tax Compliance Legislation”** means any existing or future legislation enacted by any jurisdiction that provides for or is intended to secure the exchange of information (including legislation implementing FATCA and legislation implementing CRS), any official interpretations or guidance thereof or relating thereto, or any law or regulations implementing an intergovernmental approach thereto, or any agreements made pursuant to the implementation of the foregoing, in each case as enacted, made, amended or replaced from time to time;

**“Non-Qualified Holder”** means any person whose holding or beneficial ownership of any shares in the Company (whether on its own or taken with other shares), in the opinion of the Directors: (i) would or might cause the assets of the Company to be treated as “plan assets” of any Benefit Plan Investor under section 3(42) of ERISA or the U.S. Tax Code; or (ii) would or might result in the Company and/or its shares being required to register or qualify under the U.S. Investment Company Act and/or the U.S. Securities Act and/or the U.S. Exchange Act and/or any laws of any state of the U.S. or other jurisdiction that regulate the offering and sale of securities; or (iii) may cause the Company not to be considered a “Foreign Private Issuer” under the U.S. Exchange Act; or (iv) may cause the Company to be a “controlled foreign corporation” for the purpose of the U.S. Tax Code; or (v) may result in the Company losing or forfeiting or not being able to claim the benefit of any exemption under the Commodity Exchange Act or the rules of the CFTC or analogous legislation or regulation or becoming subject to any unduly onerous filing, reporting or registration requirements; or (vi) creates a significant legal or regulatory issue for the Company under the U.S. Bank Holding Company Act 1956, as amended or regulations or interpretations thereunder; or (vii) would cause the Company adverse consequences under the foreign account tax compliance provisions of the U.S. Hiring Incentives to Restore Employment Act of 2010, including the Company becoming subject to any withholding tax or reporting obligation (including by reason of the failure of the Shareholder concerned to provide promptly to the Company such information and documentation as the Company may have requested to enable the Company to avoid or minimise such withholding tax or to comply with such reporting obligations); or (viii) may cause the Company (including for such purposes, its subsidiaries) to lose the benefit of, or suffer pecuniary disadvantage as a result of not being able to take advantage of, any applicable withholding tax treaty or similar arrangement;

**“Rules”** means the rules, including any manuals issued from time to time by an Authorised Operator governing the admission of securities to and the operation of the Uncertificated System managed by such Authorised Operator;

**“Uncertificated System”** means any computer based system and its related facilities and procedures that are provided by an Authorised Operator and by means of which title to units of a security (including shares) can be evidenced and transferred in accordance with the CREST Regulations without a written certificate or instrument;

**“U.S. Exchange Act”** means the United States Securities Exchange Act of 1934, as amended, and the rules and regulations of the United States Securities and Exchange Commission promulgated pursuant to it.

## 4.2 Rights attaching to Ordinary Shares

### 4.2.1 Dividends

Holders of Ordinary Shares are entitled to receive, and participate in any dividends or distributions of the Company available for dividend or distribution.

### 4.2.2 Winding-up

On a winding-up of the Company, the surplus assets of the Company available for distribution to the holders of Ordinary Shares (after payment of all other debts and liabilities of the Company attributable to the Ordinary Shares) shall be divided amongst the holders of Ordinary Shares *pro rata* according to their respective holdings of Ordinary Shares.

### 4.2.3 Voting

Subject to any special rights, restrictions or prohibitions regarding voting for the time being attached to any shares, holders of Ordinary Shares shall have the right to receive notice of and to attend, speak and vote at general meetings of the Company and each holder being present in person or by proxy shall upon a show of hands have one vote and upon a poll shall have one vote in respect of each Ordinary Share that they hold.

## 4.3 Share Capital

4.3.1 Subject to the Companies Law and the other provisions of the Articles the Company may exercise the power of the Company for an unlimited duration to, amongst other things, (i) issue an unlimited number of shares or grant rights to subscribe for, or convert any security into shares, (ii) issue shares of different types or shares of different classes including but not limited to shares which: are redeemable shares, confer preferential rights to distribution of capital or income, do not entitle the holder to voting rights, entitle the holder to restricted voting rights, (iii) issue shares which have a par value or no par value, or (iv) any number of shares as they see fit.

4.3.2 The Company may issue fractions of shares and, unless otherwise provided for by the Articles, any such fractional shares shall rank *pari passu* in all respects with the other shares of the same class issued by the Company.

4.3.3 The Company may acquire its own shares and any shares so acquired by the Company may be cancelled or may be held as treasury shares in accordance with the Companies Law. The Directors have general and unconditional authority to sell, transfer or cancel any treasury shares held by the Company.

4.3.4 Subject to the provisions of the Companies Law, the Company and any of its subsidiary companies 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.

4.3.5 The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

4.3.6 The rights attached to any class or group of shares may be varied:

4.3.6.1 with the consent in writing of the holders of at least 75 per cent. in value of the issued shares of that class (excluding treasury shares); or

4.3.6.2 with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

4.3.7 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:

- 4.3.7.1 the necessary quorum shall be two members of that class affected present in person or represented by proxy holding at least one-third of the voting rights of the class affected (but so that if at any adjourned meeting of such holders a quorum is not present, one person present holding shares of the affected class shall be a quorum) provided always that where the class has only one member, that member shall constitute the necessary quorum; and
- 4.3.7.2 any holder of shares of the class in question may demand a poll.
- 4.3.8 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 and issue 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.
- 4.3.9 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.

#### **4.4 Disclosure Notice, Information Rights and the Disclosure Guidance and Transparency Rules**

- 4.4.1 The Company may, by notice in writing (a “**Disclosure Notice**”) require a person whom the Directors know to be or have 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:
  - 4.4.1.1 to confirm that fact or (as the case may be) to indicate whether or not it is the case; and
  - 4.4.1.2 to give such further information as may be required in accordance with the Articles, as summarised in sub-paragraph 4.4.2 below.
- 4.4.2 A Disclosure Notice may (without limitation) require the person to whom it is addressed:
  - 4.4.2.1 to give particulars of the person’s status (including whether such person is a Non-Qualified Holder), domicile, nationality and residency;
  - 4.4.2.2 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 4.4.1 above) and the nature of such interest;
  - 4.4.2.3 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 sub-paragraph 4.4.1 above);
  - 4.4.2.4 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
  - 4.4.2.5 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.
- 4.4.3 In addition to the right of the Company to serve notice on any person pursuant to sub-paragraph 4.4.2 above, the Company may at any time and from time to time serve a notice in writing (an “**Information Notice**”) on any Shareholder requiring that Shareholder to promptly provide the Company with any information, representations,



certificates, waivers or forms (“**Information**”) relating to such Shareholder (and its direct or indirect owners or account holders or the persons beneficially interested, directly or indirectly in the shares in the Company held by such Shareholder) that the Directors may determine from time to time is necessary or appropriate for the Company to have in order to: (a) satisfy any account or payee identification, documentation or other diligence requirements and any reporting requirements imposed under or in relation to AML Legislation, International Tax Compliance Legislation and/or the requirements of any similar laws or regulations to which the Company may be subject enacted from time to time by any other jurisdiction (“**similar laws**”); or (b) avoid or reduce any tax or penalty otherwise imposed by International Tax Compliance Legislation or similar laws (including any withholding upon any payments to such Shareholder by the Company); or (c) permit the Company to enter into, comply with, or prevent a default under or termination of, an agreement of the type described in section 1471(b) of the U.S. Tax Code or under similar laws. The Company and its agents shall be entitled to hold and process the Information for the purposes of carrying out the business of the Company and the administration and protection of its interests, and shall process any personal data in accordance with all applicable data protection legislation.

- 4.4.4 Chapter 5 of the Disclosure Guidance and Transparency Rules (“**DTR5**”), which on the basis incorporated into the Articles is as if the Company were a “UK issuer” as such term is defined by DTR5, requires members to notify the Company if the voting rights attached to shares in the Company held by them (subject to certain exceptions as set out in DTR5) reach, exceed or fall below 3 per cent. and each 1 per cent. threshold thereafter up to 100 per cent. Pursuant to the Articles, the Company may also send a notice (a “**DTR Notice**”) to any person whom it knows or believes to be interested in its shares, requiring such person to confirm whether he has such an interest and, if so, details of that interest.
- 4.4.5 Any Disclosure Notice, Information Notice or DTR Notice issued or served by the Company 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.
- 4.4.6 If any member is in default in supplying to the Company the information required by the Company pursuant to sub-paragraphs 4.4.1, 4.4.3 and 4.4.4 within the prescribed period or such other reasonable period as the Directors determine or provides information that is false in a material particular, 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, subject to the requirements of the London Stock Exchange, 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 CREST Regulations, the Rules and the London Stock Exchange, where the Directors have any grounds to believe that such Default Share(s), 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 4.7.8 below, should apply to such Default Shares.

## 4.5 Pre-emption rights

- 4.5.1 Subject to the provisions of this paragraph 4.5, the Company shall not issue equity securities, nor sell them from treasury, for cash on any terms to a person unless:

- 4.5.1.1 it has made an offer to each person who holds equity securities of the same class in the Company to issue 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
- 4.5.1.2 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. The holders of equity securities affected as a result of such exclusions or arrangements shall not be deemed, or be deemed to be, a separate class of members for any purposes whatsoever.

- 4.5.2 Securities that the Company has offered to issue to a holder of equity securities in accordance with sub-paragraph 4.5.1 above may be issued to him, or anyone in whose favour he has renounced his right to their issue, without contravening the restriction referred to in sub-paragraph 4.5.1.
- 4.5.3 Shares held by the Company as treasury shares shall be disregarded for the purposes of the restriction referred to in sub-paragraph 4.5.1, 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.
- 4.5.4 Any offer required to be made by the Company pursuant to the restriction referred to in sub-paragraph 4.5.1 should be made by a notice in writing (given in accordance with the notice provisions of the Articles) and must state a period of not less than 14 days beginning on the date on which such offer is deemed to be delivered or received (as the case may be) pursuant to the notice provisions of the Articles during which it may be accepted and the offer shall not be withdrawn before the end of that period.
- 4.5.5 The restriction referred to in sub-paragraph 4.5.1 shall not apply in relation to the issue of:
  - 4.5.5.1 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
  - 4.5.5.2 equity securities in connection with a rights issue, open offer or other offer of securities in favour of the holders of shares or a class of shares at such record date as the Directors may determine where the securities attributable to the interests of holders of shares or a class 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 in relation to fractional entitlements or legal or practical problems arising under the laws of any jurisdiction or the requirements of any regulatory body or stock exchange or any other matter whatsoever.
- 4.5.6 Notwithstanding sub-paragraphs 4.5.1 to 4.5.5 above, the Directors may be given by virtue of a special resolution the power to issue, or sell from treasury, equity securities either generally or in respect of a specific issue, or sale from treasury, such that:
  - 4.5.6.1 sub-paragraph 4.5.1 shall not apply to the issue of Ordinary Shares or otherwise or sale of Ordinary Shares from treasury; or
  - 4.5.6.2 sub-paragraph 4.5.1 shall only apply to the issue of Ordinary Shares, or sale of Ordinary Shares or otherwise from treasury with such modifications as the Directors may determine; and

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:

- 4.5.6.3 state the maximum number of equity securities in respect of which the restriction in sub-paragraph 4.5.1 is excluded or modified; and
  - 4.5.6.4 specify the date on which such exclusions or modifications will expire, which must be not more than five years from the date on which the resolution is passed.
- 4.5.7 Any such special resolution passed may:
- 4.5.7.1 be renewed or further renewed by a further special resolution for a further period not exceeding five years; and
  - 4.5.7.2 be revoked or varied at any time by a further special resolution.
- 4.5.8 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.
- 4.5.9 The pre-emption rights described above have been disappplied, *inter alia*, in relation to the issue of Ordinary Shares in connection with the Initial Issue and subsequent issues of Shares in connection with the Placing Programme.

#### **4.6 Untraceable Shareholders**

The Company shall be entitled to sell at the best price reasonably obtainable the shares of a member or any shares to which a person is entitled by transmission on death or bankruptcy 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.

#### **4.7 Transfer of Shares**

- 4.7.1 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.
- 4.7.2 Subject to the terms of the Articles, any member may transfer all or any of his uncertificated shares by means of an Uncertificated System authorised by the Directors in such manner provided for, and subject as provided, in the CREST Regulations and the Rules and 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.
- 4.7.3 Notwithstanding anything contained in the Articles where any class of shares is, for the time being, admitted to settlement by means of an Uncertificated System:
  - 4.7.3.1 such shares may be issued in uncertificated form in accordance with and subject as provided in the CREST Regulations and the Rules;
  - 4.7.3.2 unless the Directors otherwise determine such shares held by the same holder or joint holder in certificated form and uncertificated form shall be treated as separate holdings;
  - 4.7.3.3 such shares may be changed from uncertificated to certificated form, and from certificated to uncertificated form, in accordance with and subject as provided in the CREST Regulations and the Rules;

- 4.7.3.4 title to such of the shares as are recorded on the Register as being held in uncertificated form may be transferred only by means of the Uncertificated System and as provided in the CREST Regulations and the Rules and accordingly (and in particular) no provision of these Articles shall apply in respect of such shares to the extent that those Articles require or contemplate the effecting of a transfer by an instrument in writing and the production of a certificate for the security to be transferred;
- 4.7.3.5 the Company shall comply in all respects with the CREST Regulations and the Rules;
- 4.7.3.6 no provision of the Articles shall apply so as to require the Company to issue a certificate to any person holding such shares in uncertificated form;
- 4.7.3.7 such shares are not to be regarded as forming a separate class from certificated shares of that class; and
- 4.7.3.8 the maximum number of joint holders of a share shall be four.
- 4.7.4 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 sub-paragraph 4.7.5 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:
  - 4.7.4.1 it is in respect of more than one class of shares;
  - 4.7.4.2 it is in favour of more than four joint transferees;
  - 4.7.4.3 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
  - 4.7.4.4 the transfer is in favour of any Non-Qualified Holder.
- 4.7.5 The Directors may only decline to register a transfer of an uncertificated share in the circumstances set out in the CREST Regulations and the Rules, 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.
- 4.7.6 Subject to such restrictions (if any) as may be imposed by the CREST Regulations and/or the Rules, the registration of transfers of shares or of transfers of any class of shares may be suspended by giving such notices as may be required by the CREST Regulations and/or the Rules at such times and for such periods (not exceeding thirty days in any year) as the Directors may determine.
- 4.7.7 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.
- 4.7.8 If it shall come to the notice of the Directors that any shares are owned directly, indirectly or beneficially 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 4.7.8 or sub-paragraph 4.7.9 below, the rights and privileges attaching to the Relevant Shares will be suspended and not capable of exercise.

- 4.7.9 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.
- 4.7.10 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 4.7.8 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 4.7.8 above. Every such request shall, in the case of certificated shares, be accompanied by the certificate(s) for the shares to which it relates.
- 4.7.11 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 directly, indirectly or beneficially 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.
- 4.7.12 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 4.7.8 and/or 4.7.9 and/or 4.7.10 and/or 4.7.11 above may not be questioned or invalidated in any case on the grounds that there was insufficient evidence of direct, indirect or beneficial ownership or holding of shares by any person or that the true direct, indirect 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.

#### **4.8 Alteration of Share Capital**

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

#### **4.9 Notice of General Meeting**

4.9.1 Unless special notice is required in accordance with the Companies Law, 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 failure to provide notice of a meeting, or to send any other document to a person entitled to receive such notice or document, shall not invalidate the proceedings at that meeting or call into question the validity of any actions, resolutions or decisions taken.

4.9.2 All members are deemed to have agreed to accept communications from the Company by electronic means in accordance with the Articles.

#### **4.10 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.

#### **4.11 Appointment of Directors**

4.11.1 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 and there shall be no requirement for the appointment or removal of two or more Directors to be considered separately.

#### **4.12 Retirement and Removal of Directors**

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

4.12.2 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.

4.12.3 The office of a Director shall be vacated if he becomes ineligible to be a Director in accordance with the Companies Law; or if he shall have absented himself (such absence not being absence with leave or by arrangement with the Directors on the affairs of the Company) from meetings of the Directors for six months in succession and the other Directors shall have resolved that his office shall be vacated; or he

becomes bankrupt, suspends payment or compounds with his creditors, or is adjudged insolvent or has his affairs declared *en désastre* or has a preliminary vesting order made against his Guernsey realty; or if he dies; 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 resigns his office by written notice to the Company; or the Company so resolves by ordinary resolution; or if he is removed by resolution of the Directors in writing signed by all his co-Directors (being not less than two in number).

#### **4.13 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 £300,000 per annum (or such sum as the Company in general meeting shall from time to time determine by way of ordinary resolution). The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

#### **4.14 Directors' Interests**

- 4.14.1 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 to the Directors the nature and extent of his interest unless the transaction or proposed transaction is between the Director and the Company, and is to be entered into in the ordinary course of the Company's business and on usual terms and conditions.
- 4.14.2 For the purposes of the Article summarised in sub-paragraph 4.14.1 above, a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified.
- 4.14.3 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:
- 4.14.3.1 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;
  - 4.14.3.2 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;
  - 4.14.3.3 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;

- 4.14.3.4 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);
  - 4.14.3.5 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
  - 4.14.3.6 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.
- 4.14.4 For the purposes of these provisions a person shall be treated as being connected with a Director if that person is:
- 4.14.4.1 a spouse, child (under the age of eighteen) or step child (under the age of eighteen) of the Director; or
  - 4.14.4.2 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
  - 4.14.4.3 a trustee (acting in that capacity) of any trust, the beneficiaries of which include the Director or persons falling within sub-paragraphs 4.14.4.1 and 4.14.4.2 above excluding trustees of an employees' share scheme or pension scheme; or
  - 4.14.4.4 a partner (acting in that capacity) of the Director or persons in sub-paragraphs 4.14.4.1 to 4.14.4.3 above.
- 4.14.5 Subject to the provisions of the Companies Law, and provided that he has disclosed to the other Directors in accordance with the Companies Law the nature and extent of any interest of his, 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.
- 4.14.6 Subject to the provisions of the Companies Law, and provided that he has disclosed to the other Directors in accordance with the Companies Law the nature and extent of any interest of his, 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 Directors 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.

- 4.14.7 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.
- 4.14.8 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 directors, managing directors, managers or other officers of such company) and any Director 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 the manner aforesaid.
- 4.14.9 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.
- 4.14.10 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.
- 4.14.11 Any Director who, by virtue of office held or employment with any other body corporate, may from time to time receive information that is confidential to that other body corporate (or in respect of which he owes duties of secrecy or confidentiality to that other body corporate) shall be under no duty to the Company by reason of his being a Director to pass such information to the Company or to use that information for the benefit of the Company, in either case where the same would amount to a breach of confidence or other duty owed to that other body corporate.

#### **4.15 Dividends and Distributions**

- 4.15.1 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 the rights attaching to their shares and subject to sub-paragraph 4.15.4.
- 4.15.2 No dividend or other distribution shall exceed the amount recommended by the Directors.
- 4.15.3 Without prejudice to sub-paragraph 4.15.1 and subject to the provisions of the Companies Law and the Articles, the Directors may from time to time authorise dividends and distributions to be paid to the members subject to any member's rights attaching to their shares.

- 4.15.4 Except as otherwise provided by the rights attached to shares, all dividends and distributions shall be declared and paid *pro rata* according to the respective numbers of shares held by members 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.
- 4.15.5 A general meeting declaring a dividend or distribution may, upon the recommendation of the Directors, direct, or in the case of an interim dividend, the Directors may without the authority of an ordinary resolution 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 authorise any person to sell and transfer any fractions or may ignore fractions altogether, and may fix the value for dividend and distribution purposes of any assets or any part thereof and may determine that cash shall be paid to any members upon the footing of the value so fixed in order to secure equality of dividend or distribution and may vest any assets which are the subject of a dividend or distribution in trustees as may seem expedient to the Directors.
- 4.15.6 The Directors may deduct from any dividend or distribution 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.
- 4.15.7 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 distribution which has remained unclaimed for twelve years from the date of declaration thereof 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.
- 4.15.8 The Directors may, subject to such terms and in such manner as they may determine, issue shares in lieu of dividends in accordance with section 306 of the Companies Law.

#### **4.16 Winding-Up**

- 4.16.1 The Company may be wound up voluntarily if the members pass a special resolution requiring that the Company be wound up voluntarily. Upon the passing of such special resolution, the process of voluntary winding up shall commence and the Company shall cease to carry on business except in so far as it may be expedient for the beneficial winding up of the Company. The Company's corporate state and powers shall be deemed to continue until the Company's dissolution.
- 4.16.2 Upon a winding-up of the Company the surplus assets of the Company remaining after payment of all creditors, including the repayment of bank borrowings, shall be divided among the members *pro rata* to their holdings of those shares subject to the rights of any shares which may be issued with special rights or privileges.

#### **4.17 Certain U.S. and U.S. related Tax Matters**

- 4.17.1 Without prejudice to sub-paragraph 4.4.3 above, the Company is authorised to take any action it determines is desirable to comply with FATCA and any similar laws (as defined in sub-paragraph 4.4.3 above), 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 the provisions referred to above.

- 4.17.2 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.

#### 4.18 Continuation Resolution

4.18.1 The Directors shall propose an ordinary resolution that the Company continues its business as a closed-ended collective investment scheme (the “**Continuation Resolution**”) at the first annual general meeting of the Company following the fifth anniversary of Initial Admission. If the Continuation Resolution is passed, the Directors shall propose a further Continuation Resolution at the annual general meeting of the Company every five years thereafter.

4.18.2 If a Continuation Resolution is not passed, the Directors shall put forward proposals for the reconstruction, reorganisation or winding up of the Company to Shareholders for their approval within six months following the date on which the relevant Continuation Resolution is not passed.

#### 4.19 C Shares

The following definitions apply for the purposes of this paragraph 4.19:

“**Calculation Date**” means the earliest of the:

- (a) close of business on the date to be determined by the Directors after the day on which the Investment Manager shall have given notice to the Directors that at least 80 per cent. of the net proceeds attributable to the relevant class of C Shares (or such other percentage as the Directors and Investment Manager shall agree) shall have been invested; or
- (b) close of business on the date falling twelve calendar months after the allotment of the relevant class of C Shares or if such a date is not a business day the next following Business Day; or
- (c) close of business on the last Business Day prior to the day on which the Directors resolve that Force Majeure Circumstances have arisen or are imminent; or
- (d) close of business on such date as the Directors may determine;

“**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 Date**” means a date which falls after the Calculation Date and is the date on which the admission of the New Shares arising on Conversion to trading on the London Stock Exchange becomes effective and which is the earlier of:

- (a) the opening of business on such Business Day as may be selected by the Directors provided that such day shall not be more than forty-five Business Days after the Calculation Date; and
- (b) 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 imminent;

“**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:

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

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

where:

“C” is the aggregate of:

- (a) the value of the investments of the Company attributable to the relevant class of C Shares (as determined by the Directors), calculated in the case of Copyrights by reference to an independent valuer’s determination of the current value for such Copyrights at the Calculation Date 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 Copyrights and otherwise in the same manner as the Economic NAV was calculated as at the last previous Economic NAV calculation date prior to the Calculation Date; and
- (b) the amount which, in accordance with the Company’s latest published valuation methodology, fairly reflects, at the Calculation Date, the value of the other assets of the Company attributable to the relevant class of 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 relevant class of C Shares at the Calculation Date (including, for the avoidance of doubt, the full amount of dividends declared but not paid);

“E” is the number of C Shares of the relevant class in issue at the Calculation Date;

“F” is the aggregate of:

- (a) the value of the investments of the Company attributable to the Ordinary Shares (as determined by the Directors), calculated in the case of Copyrights by reference to an independent valuer’s determination of the current value for such Copyrights at the Calculation Date 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 Copyrights and otherwise in the same manner as the Economic NAV was calculated as at the last previous Economic NAV calculation date prior to the Calculation Date; and
- (b) the amount which, in accordance with the Company’s latest published valuation methodology, fairly reflects, at the Calculation Date, the value of the 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 Date (including, for the avoidance of doubt, the full amount of all dividends declared but not paid);

“H” is the number of Ordinary Shares which will convert in issue at the Calculation Date (excluding any Ordinary Shares held as treasury shares),

provided that the Directors shall: (i) make such adjustments to the value or amount of A and B (including any of their constituent amounts) as the independent valuer shall report to be appropriate having regard among other things, to the assets of the Company immediately prior to the proposed issue date for the New Shares or the Calculation Date and/or to the reasons for the issue of the C Shares of the relevant class or (ii) in relation to any class of C Shares, amend the definition of Conversion Ratio in relation to that class in such manner as the independent valuer shall consider appropriate, and (ii) make such further adjustments to the value or amount of A and B as the Directors deem appropriate;

“**Force Majeure Circumstances**” means in relation to any class of C Shares: (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; and

**“New Shares”** means the Ordinary Shares arising on conversion of the relevant class of C Shares.

The holders of the C Shares shall, subject to the rights of any C Shares which may be issued with special rights or privileges, have the following rights as to income:

- (a) the C Shares of each class carry the right to receive all income of the Company attributable to that class of the C Shares, and to participate in any distribution of such income by the Company *pro rata* to the relevant Economic NAV attributable to each of the classes of C Share and within each such class income shall be divided *pari passu* amongst the holders of C Shares of that class in proportion to the number of C Shares of such class held by them;
- (b) the New Shares shall rank in full for all dividends and other distributions declared, made or paid by reference to a record date falling after the Calculation Date and otherwise *pari passu* with the Ordinary Shares in issue at the Calculation Date; and
- (c) no dividend or other distribution shall be made or paid by the Company on any of its shares between the Calculation Date and the Conversion Date (both dates inclusive) and no such dividend shall be declared with a record date falling between the Calculation Date and the Conversion Date (both dates inclusive).

At a time when any C Shares are for the time being in issue and prior to the Conversion Date, on a winding up of the Company or other return of capital (other than by way of a repurchase or redemption of C Shares in accordance with the provisions of the Articles and the Laws (as defined in the Articles)): the surplus capital and assets of the Company attributable to the C Shares remaining after payment of all creditors shall, subject to the rights of any C Shares that may be issued with any special rights and privileges, be divided amongst the holders of C Shares of each class *pro rata* to the relative Economic NAV attributable to each of the classes of C Share and within each such class, such assets shall be distributed *pari passu* amongst the holders of C Shares of that class in proportion to the number of C Shares of such class held by them.

As regards voting the C Shares shall carry the right to receive notice of and to attend, speak and vote (in accordance with Article 20 of the Articles) at general meetings of the Company. The voting rights of holders of C Shares will be the same as that applying to other holders of shares as set out in the Articles.

Without prejudice to the generality of the Articles, for so long as there are C Shares in issue the consent of the holders of the C Shares by way of a special resolution of the holders of C Shares shall be required for, and accordingly the special rights attached to the C Shares shall be deemed to be varied, *inter alia*, by:

- (a) any alteration to the memorandum of incorporation or the Articles which directly or indirectly affects the rights attaching to the C Shares as set out in the Articles;
- (b) any issue of any security convertible into or carrying a right to subscribe for any share capital of the Company other than the issue of further C Shares;
- (c) the passing of any resolution to wind-up the Company; and
- (d) any change being made to the Company’s accounting reference date.

For the avoidance of doubt but subject to the rights or privileges attached to any other class of shares, the previous sanction of a special resolution of the holders of C Shares of the relevant class or classes, as appropriate, as described above, shall not be required in respect of:

- (a) the issue of further shares ranking *pari passu* in all respects with the shares already in issue (otherwise than in respect of any dividend or other distribution declared, paid or made on the shares of the relevant class by the issue of such further shares); or
- (b) the sale of any shares held as treasury shares or the purchase or redemption of any shares by the Company (whether or not such shares are to be held in treasury).

For so long as one or more classes of C Shares are in issue and until Conversion, and without prejudice to its obligations under the Companies Law, the Company shall in relation to each class or classes of Ordinary Shares and C Shares (as appropriate):

- (a) procure that the Company's records and bank accounts shall be operated so that the assets attributable to the Ordinary Shares and the C Shares of the relevant class or classes (as appropriate) can, at all times, be separately identified and separate cash accounts shall be created and maintained in the books of the Company for the assets attributable to the Ordinary Shares and the C Shares of the relevant class or classes (as appropriate);
- (b) allocate to the assets attributable to the Ordinary Shares and the C Shares of the relevant class or classes (as appropriate) such proportion of the expenses and liabilities of the Company as the Directors fairly consider to be attributable to the Ordinary Shares and C Shares of the relevant class or classes (as appropriate); and
- (c) the Company shall give appropriate instructions to the Investment Manager and the Administrator to manage the Company's assets so that such undertaking can be complied with by the Company.

The C Shares are issued on such terms that they shall be redeemable by the Company in accordance with the terms set out in the Articles. At any time prior to Conversion, the Company may, subject to the provisions of the Laws (as defined in the Articles), at its discretion, redeem all or any of the C Shares then in issue by agreement with any holder(s) thereof in accordance with such procedures as the Directors may determine (subject, where applicable, to the facilities and procedures of any uncertificated system) and in consideration of the payment of such redemption price as may be agreed between the Company and the relevant holders of C Shares.

The C Shares of the relevant class shall be converted into New Shares of the corresponding class on the Conversion Date in accordance with the following provisions of this paragraph:

- (a) the Directors shall procure that:
  - (i) the Company (or its delegate) calculates, within twenty Business Days after the Calculation Date, the Conversion Ratio as at the Calculation Date and the numbers of New Shares to which each holder of C Shares shall be entitled on Conversion; and
  - (ii) the independent valuer shall review the calculation of the Conversion Ratio (and they may in their discretion request the Auditors (or such other suitably qualified person as the directors may determine) to review whether such calculations have been performed in accordance with the Articles and the Company's latest published valuation methodology, and are arithmetically accurate) whereupon, subject to the proviso in the definition of "Conversion Ratio" such calculations shall become final and binding on the Company and all Shareholders.

The Directors shall procure that, as soon as practicable following such certificate, an announcement is made to a Regulatory Information Service, advising holders of C Shares of the relevant class of the Conversion Date, the Conversion Ratio and the aggregate number of New Shares of the relevant class to which holders of C Shares of the relevant class are entitled on Conversion.

Conversion shall take place on the Conversion Date. On Conversion:

- (a) each issued C Share of the relevant class shall automatically convert and be redesignated into such number of New Shares as shall be necessary to ensure that, upon Conversion being completed, the number of New Shares equals the number of C Shares of the relevant class in issue at the Calculation Date multiplied by the Conversion Ratio (rounded down to the nearest whole New Share) (provided always that the Directors may deal in such manner as they think fit with fractional entitlements to New Shares of the relevant class, including, without prejudice to the generality of the foregoing, selling any such shares representing such fractional entitlements and retaining the proceeds for the benefit of the Company) and for such

purposes any Director is hereby authorised as agent on behalf of the former holders of C Shares of the relevant class, in the case of a share in certificated form, to execute any stock transfer form and to do any other act or thing as may be required to give effect to the same including, in the case of a share in uncertificated form, the giving of directions to or on behalf of the former holders of any C Shares of the relevant class who shall be bound by them;

- (b) forthwith upon Conversion, any certificates relating to the C Shares of the relevant class shall be cancelled and the Company shall issue to each such former holder of C Shares of the relevant class new certificates in respect of the New Shares which have arisen upon Conversion unless such former holder of any C Shares of the relevant class elects to hold their New Shares in uncertificated form;
- (c) the Company will use its reasonable endeavours to procure that, upon Conversion, the New Shares are admitted to the trading on the London Stock Exchange; and
- (d) the Directors shall be entitled to make such amendments to the process of Conversion as they, in their absolute discretion, see fit to facilitate Conversion including, in particular, by applying the Conversion Ratio to each individual holding of C Shares for the purpose of calculating the number of New Shares arising on Conversion of such C Shares (and rounding down fractions of New Shares so arising to the nearest whole number where appropriate).

## **5. CITY CODE ON TAKEOVERS AND MERGERS**

### **5.1 Mandatory bid**

The Takeover Code applies to the Company. Under Rule 9 of the Takeover Code, if:

- a person acquires 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
- a person who, together with persons acting in concert with him, is interested in not less than 30 per cent. and not more than 50 per cent. of the voting rights in the Company acquires additional interests in shares which increase the percentage of shares carrying voting rights in which that person is interested,

the acquirer and, depending on the circumstances, its concert parties, would be required (except with the consent of the Panel on Takeovers and Mergers) to make a cash offer for the outstanding shares at a price not less than the highest price paid for any interests in the shares by the acquirer or its concert parties during the previous 12 months.

### **5.2 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 or accepted by shareholders comprising not less than 90 per cent. in value of the shares affected, then the offeror may, within a period of two months immediately after the last day on which the offer can be approved or accepted, give 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 the dissenting shareholders’ shares on the terms of the offer approved by the shareholders comprising not less than 90 per cent. in value of the shares affected; and where the terms of the offer provided a choice of consideration, the Acquisition Notice must give particulars of the choice and state (a) the period within which, and the manner in which, the dissenting shareholder must notify the offeror of his choice and (b) which consideration specified in the offer will apply if he does not so notify the offeror.

## **6. MATERIAL CONTRACTS OF THE COMPANY**

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 Company since its incorporation and are, or may be, material or contain any provision under which the Company has any obligation or entitlement which is or may be material to it as at the date of this document:

## 6.1 Placing and Offer Agreement

The Placing and Offer Agreement dated 19 October 2020 between the Company, the Directors, the Investment Manager and Cenkos, pursuant to which, subject to certain conditions, Cenkos has agreed to use reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing at the Issue Price and to use reasonable endeavours to procure subscribers under the Placing Programme for Shares at the Placing Programme Price. The Company has appointed Cenkos as financial adviser and bookrunner to the Company in connection with the Initial Issue and the Placing Programme.

The Placing and Offer Agreement provides for Cenkos to be paid commissions by the Company in respect of the Shares to be issued pursuant to the Initial Issue and the Placing Programme. Any Shares subscribed for by Cenkos may be retained or dealt in by it for its own benefit.

Under the Placing and Offer Agreement, Cenkos is entitled at its discretion and out of its own resources at any time to rebate to some or all investors, or to other parties, part or all of its fees. Cenkos is also entitled under the Placing and Offer Agreement to retain agents and may pay commission to any or all of those agents out of its own resources.

The Placing and Offer Agreement may be terminated by Cenkos in certain customary circumstances.

The obligation of the Company to issue the Ordinary Shares and the obligation of Cenkos to use its reasonable endeavours to procure subscribers for Ordinary Shares pursuant to the Initial Placing is conditional upon certain conditions that are typical for an agreement of this nature. These conditions include, among others: (i) Initial Admission having become effective on or before 8.00 a.m. on 13 November 2020 (or such later time and/or date as the Company, the Investment Manager and Cenkos may agree (not being later than 8.00 a.m. on 31 March 2021)); (ii) the Placing and Offer Agreement becoming wholly unconditional (save as to Initial Admission) and not having been terminated in accordance with its terms at any time prior to Initial Admission; and (iii) the Minimum Gross Proceeds being raised (or such lesser amount as the Company, the Investment Manager and Cenkos may agree).

Each issue of Shares pursuant to a Subsequent Placing under the Placing Programme is conditional, *inter alia*, on (i) Admission of the relevant Shares occurring by no later than 8.00 a.m. on such date as the Company, the Investment Manager and Cenkos may agree from time to time in relation to that Admission, not being later than the Final Closing Date; (ii) a valid supplementary prospectus being published by the Company if such is required by the Prospectus Regulation Rules; (iii) in respect of an issue of Shares, the Placing Programme Price being determined by the Directors as described in Part 5 of this document; and (iv) the Placing and Offer Agreement being wholly unconditional as regards the relevant Subsequent Placing (save as to Admission) and not having been terminated in accordance with its terms prior to the relevant Admission.

The Company, the Directors and the Investment Manager have given warranties to Cenkos concerning, *inter alia*, the accuracy of the information contained in this document. The Company and the Investment Manager have also given indemnities to Cenkos. The warranties and indemnities are standard for an agreement of this nature.

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

## 6.2 Investment Management Agreement

The Investment Management Agreement dated 19 October 2020 between the Company and the Investment Manager, pursuant to the terms of which the Investment Manager is appointed to act as investment manager of the Company, with responsibility to perform investment management and risk management functions for the Company (and, where relevant, any UK Subsidiaries) in accordance with the Company's Investment Policy, subject to the overall policies, supervision, review and control of the Board. Under the terms of the Investment Management Agreement and subject always to the investment guidelines contained in the Investment Management Agreement, the Investment Manager has discretion to buy, sell, retain or otherwise deal in the Company's assets. The Investment Manager is also required (but only



to the extent outlined in paragraph 10 below) to comply with such regulatory requirements as may apply to it from time to time as the alternative investment fund manager of the Company for the purposes of the AIFM Directive.

Subject to borrowing limits agreed with the Company, the Investment Manager shall have discretion to commit the Company to borrowing to include overdraft or other short term borrowing facilities.

The Investment Manager shall not be liable to the Company for any actions, proceedings, loss, claim, costs, charges and expenses, liabilities or damages ("**Losses**") arising out of the performance by the Investment Manager (or any other Manager Indemnified Person) of its obligations under the Investment Management Agreement unless resulting from the fraud, gross negligence or wilful misconduct of any Manager Indemnified Person, as finally determined by a court of competent jurisdiction and, in each case, to the extent such Losses did not arise as a result of any act or omission of the Company. For the purposes of this paragraph "**Manager Indemnified Person**" means the Investment Manager, its associates, delegates or agents and the officers, directors or employees of the Investment Manager or its associates, delegates or agents.

The Company shall indemnify and hold harmless each Manager Indemnified Person against all Losses which may be suffered or incurred by such Manager Indemnified Person arising out of or in connection with the Investment Management Agreement, including all legal, professional and other expenses properly incurred in connection therewith, except to the extent that the claim is due to the fraud, gross negligence or wilful misconduct, of any Manager Indemnified Person, as finally determined by a court of competent jurisdiction.

The Investment Manager is required, under the terms of the Investment Management Agreement, to perform its obligations with such skill and care as would be reasonably expected of a professional discretionary investment manager managing 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 its obligations under the Investment Management Agreement are performed by a team of appropriately qualified, trained and experienced professionals reasonably acceptable to the Board (the "**Services Standard**").

The Company shall pay, and the Investment Manager shall be entitled to receive, the Management Fee and the Performance Fee. Further details of the Management Fee and the Performance Fee are described in paragraph 4 of Part 3 of this document.

The Company shall pay or reimburse the Investment Manager in respect of all of its out-of-pocket expenses properly incurred in respect of the performance of its obligations under the Investment Management Agreement, including but not limited to, third-party due diligence costs, advisory, legal, consultancy or expert fees, appraisal fees, broking or notary fees, insurers fees, debt and equity structuring fees, bank fees, intermediary fees, accountancy or valuer advisory fees, research costs and licence fees, asset management, payment obligations under contracts, software or the like, payable in connection with the acquisition, funding, exchange and disposal of, and day-to-day management of, the Portfolio.

The Investment Management Agreement may be terminated by the Company or the Investment Manager on not less than twelve months' notice to the other party, such notice not to be given earlier than five years following Initial Admission (the "**Initial Period**") provided if, at the end of the Initial Period, the Continuation Resolution has been passed and the Performance Target (as defined below) has been achieved as at the date of expiry of the Initial Period any notice of termination given shall be deemed to be revoked and the Initial Period shall be extended for a further period of five years such that the Investment Management Agreement may only be terminated by the Company or the Investment Manager on not less than twelve months' notice such notice not to be given earlier than the tenth anniversary of Initial Admission.

For the above purposes "**Performance Target**" means an increase in the Economic Net Asset Value per Ordinary Share (after adjustments to (i) include the gross amount of any dividends and/or distributions paid in respect of an Ordinary Share since Initial Admission; (ii) to take into account any increment in Economic Net Asset Value per Ordinary Share attributable to the

issue of Ordinary Shares at a premium to the Economic Net Asset Value per Ordinary Share or any buy back of any Ordinary Shares at a discount to Economic Net Asset Value per Ordinary Share; and (iii) making such adjustments to take into account of C Shares agreed between the Company and the Investment Manager) equal to or above the Performance Hurdle Price.

The Investment Management Agreement may be terminated by the Company 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:

- (i) an order has been made or an effective resolution passed for the winding-up or liquidation of the Investment Manager (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously consented to in writing by the Company, such consent not to be unreasonably withheld or delayed), or a receiver or similar officer has been appointed in respect of the Investment Manager or of any material part of the Investment Manager's assets, or the Investment Manager is, or is deemed to be, unable to pay its debts as and when due;
- (ii) the Investment Manager ceases, or takes steps to cease, to carry on substantially the whole of its business;
- (iii) the Investment Manager (or any Manager Indemnified Person acting on its behalf) has: (i) in connection with the services provided to the Company under the Investment Management Agreement committed fraud, gross negligence or wilful default; or (ii) breached its material obligations under the Investment Management Agreement (including a breach of the Service Standard) and, where such breach is capable of remedy, fails to remedy such breach within 30 days after receiving notice from the Company requiring the same to be remedied;
- (iv) the scope of the Investment Manager's status as an investment adviser with the SEC under the U.S. Investment Advisers Act is restricted to the extent that, in the opinion of the Company, acting reasonably and in good faith, it materially impairs the Investment Manager's ability to perform its obligations as required under the Investment Management Agreement;
- (v) the Company is required by any relevant regulatory authority to terminate the Investment Manager's appointment.

The Investment Management Agreement may be terminated by the Investment Manager 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:

- (vi) 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 Manager);
- (vii) the Board notifies the Investment Manager in writing that it proposes to make a material change to the Investment Objective and Investment Policy and, in the opinion of the Investment Manager, acting reasonably, the proposed change is of such significance that the Investment Manager would no longer be able to meet the requirements of the Services Standard; or
- (viii) the Company breaches in a material respect any of its obligations under the Investment Management Agreement and, where such breach is capable of remedy, fails to remedy such breach within 30 days after receiving written notice from the Investment Manager requiring the same to be remedied.

In the event that the Investment Management Agreement is terminated the Investment Manager shall be entitled to receive (in cash): (i) any accrued Management Fee up to the effective date of termination of the Investment Management Agreement (the "**Termination Date**"); (ii) a Performance Fee (if applicable), payable in cash and calculated up to the Termination Date; and (iii) the prompt reimbursement of all out of pocket expenses incurred by the Investment Manager in the performance of its obligations under the Investment Management Agreement.

In the event that the Investment Management Agreement is terminated by the Company giving twelve months' notice to the Investment Manager as described above or in accordance with paragraphs (vi), (vii) or (viii) above the Investment Manager shall have an unconditional right exercisable at any time during the period of six months immediately following the Termination Date to purchase from the Company (to include any relevant UK Subsidiaries) the Copyrights owned by the Company (or any relevant UK Subsidiaries) (the "**Termination Portfolio**") by giving written notice to the Company (the "**Option Notice**"). In summary the Investment Management Agreement provides that any such purchase price must be the higher of:

- (i) any price offered to the Company 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 on an arms' length basis at any time between the date of effective termination of the Investment Management Agreement and the date of service of the Option Notice ("**Arms' Length Price**"); and
- (ii) a price agreed between the Manager and the Company as being the value of the Termination Portfolio on an arms' length basis; or

in the event that no Arms' Length Price is available and the Investment Manager and the Company are not able to agree a price pursuant to paragraph (ii), the higher of:

- (iii) the fair market value of the Termination Portfolio as at the date of service of the Option Notice (the "**Fair Market Value**"); and
- (iv) 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 Copyrights).

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

### **6.3 Portfolio Administration Agreement**

The Portfolio Administration Agreement dated 19 October 2020 between the Company and the Investment Manager under the terms of which the Investment Manager has agreed to administer (on behalf of the Company and any UK Subsidiaries) the Copyrights owned by the Company (and any UK Subsidiaries) and in respect thereof the Investment Manager will be responsible, subject to the overall supervision of the Board, for the administration and commercial exploitation of the Copyrights with full power and authority on behalf of the Company to: (i) licence the exploitation of the Copyrights (including in respect of broadcast and other public performances, mechanical reproduction, the synchronisation of Copyrights and the use of Copyrights in connection with merchandising activities); (ii) print, publish and sell, alone or together, printed editions or other reproductions of Copyrights; (iii) collect all royalties, revenues, profits and monies with respect to the Copyrights; (iv) prosecute and defend litigation in respect of the Copyrights; and (v) make arrangements of, or otherwise adapt or change, any of the Copyrights.

Under the terms of the Portfolio Administration Agreement the Investment Manager shall be responsible for ensuring that the Copyrights (and all royalties, revenues, profits and monies generated by them) are readily identifiable and are segregated from assets of the Investment Manager or the assets of third parties on whose behalf the Investment Manager is acting.

The Investment Manager shall not be liable to the Company for any loss, claim, costs, charges and expenses, liabilities or damages ("**Losses**") arising out of action taken or omitted to be taken by the Investment Manager (or any other Manager Indemnified Person) except for Losses arising out of or in connection with: (i) the gross negligence, fraud, bad faith wilful misconduct of, or knowing violation of applicable securities laws applicable to, any Manager Indemnified Person, or (ii) without limiting (i), a material breach of the Administration Services Standard and where such breach is capable of remedy, the Investment Manager fails to remedy such breach within 30 days after receiving notice from the Company requiring the same to be remedied. For the purposes of this paragraph "Manager Indemnified Person" means the Investment Manager, its associates, delegates or agents and the officers, directors or employees of the Investment Manager or its associates, delegates or agents.

The Company shall indemnify such Manager Indemnified Person against all claims by third parties which may be made against each such Manager Indemnified Person in connection with the provision of services under the Portfolio Administration Agreement except to the extent that the claim is due to the fraud, gross negligence, wilful misconduct or bad faith or knowing violation of applicable securities laws applicable to, any Manager Indemnified Person.

The Investment Manager is required, under the terms of the Portfolio Administration Agreement, to perform its obligations with such skill and care as would be reasonably expected of a professional administrator of equivalent standing to the Investment Manager administering assets equivalent to the Portfolio in good faith and to ensure its obligations under the Portfolio Administration Agreement are performed by a team of appropriately qualified, trained and experienced professionals (the “**Administration Services Standard**”).

The Company shall pay and the Investment Manager shall be entitled to receive the administration fee as described in paragraph 4 of Part 3 of this document.

The Portfolio Administration Agreement may be terminated by the Company or the Investment Manager on not less than 6 months’ written notice.

The Portfolio Administration Agreement may be terminated by the Company with immediate effect from time to time at which notice of termination is given or, if later, the time at which such notice is expressed to take effect if:

- (i) an order has been made or an effective resolution passed for the winding-up or liquidation of the Investment Manager (except a voluntary liquidation for the purpose of reconstruction or amalgamation upon terms previously consented to in writing by the Company, such consent not to be unreasonably withheld or delayed), or a receiver or similar officer has been appointed in respect of the Investment Manager or of any material part of the Investment Manager’s assets, or the Investment Manager is, or is deemed to be, unable to pay its debts as and when due;
- (ii) the investment Manager ceases to carry on substantially the whole of its business;
- (iii) the Investment Manager (or any Manager Indemnified Person acting on its behalf) has: (i) committed fraud, gross negligence or wilful misconduct in the performance of its services under the Portfolio Administration Agreement (or (ii) breached its obligations under the Portfolio Administration Agreement (including a breach of the Administration Services Standard) and, where such breach is capable of remedy, fails to remedy such breach within 30 days after receiving notice from the Company requiring the same to be remedied;
- (iv) the Investment Manager ceases to hold any authorisation required in order to perform its obligations under the Portfolio Administration Agreement; or
- (v) the Company is required by any relevant regulatory authority to terminate the Investment Manager’s appointment.

The Portfolio Administration Agreement may be terminated by the Investment Manager 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: (i) 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 Manager, such consent not to be unreasonably withheld or delayed); or (ii) the Company breaches in a material respect any of its obligations under the Portfolio Administration Agreement and, where such breach is capable of remedy, fails to remedy such breach within 30 days after receiving written notice from the Investment Manager requiring the same to be remedied.

In the event that the Portfolio Administration Agreement is terminated the Investment Manager shall be entitled to receive: (i) any accrued administration fee up to the effective date of termination of the Portfolio Administration Agreement; and (ii) the prompt reimbursement of all out of pocket expenses incurred by the Investment Manager in the performance of its obligations under the Portfolio Administration Agreement up to the effective date of termination of the Portfolio Administration Agreement.

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

The Investment Manager is a registered investment adviser under the U.S. Investment Advisers Act and is regulated by the SEC.

#### **6.4 Administration Agreement**

The Administration Agreement between the Company and the Administrator dated 19 October 2020, pursuant to which the Administrator has agreed to act as Administrator to the Company.

Under the terms of the Administration Agreement, the Administrator shall provide the day-to-day administration of the Company and is also responsible for the Company's general administrative functions, such as the calculation and publication of the Economic NAV and IFRS NAV and maintenance of the Company's records and accounts as required under the RCIS Rules and FCA Handbook and other applicable laws.

The Company has given an indemnity in favour of the Administrator in respect of the Administrator's potential losses in carrying on its responsibilities under the Administration Agreement.

The Administration Agreement may be terminated by either party, *inter alia*, upon not less than six months' written notice. The Administration Agreement may also be terminated immediately upon the occurrence of certain standard events including the insolvency of the Company or the Administrator or a party committing a material breach of the Administration Agreement (where such breach has not been remedied within thirty days of written notice being given).

Details of the fees payable to the Administrator are set out in paragraph 4 of Part 3 of this document.

The Administration Agreement is governed by the laws of the Island of Guernsey.

#### **6.5 Registrar Agreement**

The Registrar Agreement dated 19 October 2020 between the Company and the Registrar pursuant to which the Registrar has agreed to act as Registrar to the Company.

Details of the fees payable to the Registrar are set out in paragraph 4 of Part 3 of this document.

The Registrar Agreement will continue until terminated by either party giving not less than 180 days' written notice to the other. In addition, either party may terminate the Registrar Agreement, *inter alia*:

- (i) by service of 90 days written notice should the parties not reach an agreement regarding any annual increase of the fees payable under the Registrar Agreement;
- (ii) upon service of written notice if the other party commits a material breach of its obligations under the Registrar Agreement (including any payment default) which that party has failed to remedy within 30 calendar days of receipt of a written notice to do so from the first party; or
- (iii) if the other party is declared insolvent or goes into liquidation (except a summary winding-up or voluntary liquidation on terms agreed with the other party) or is unable to pay its debts or commits any act of bankruptcy under the laws of any applicable jurisdiction or if a receiver is appointed in respect of any of the assets of the other party or equivalent.

The Company has given certain market standard indemnities in favour of the Registrar and its affiliates and their directors, officers, employees, agents and certain other representatives in respect of the Registrar's potential losses in carrying on its responsibilities under the Registrar Agreement. The Registrar's liabilities under the Registrar Agreement are subject to a cap.

The Registrar Agreement is governed by the laws of the Island of Guernsey.

## **6.6 Receiving Agent Agreement**

The Receiving Agent Agreement dated 19 October 2020 between the Company and the Receiving Agent pursuant to which the Receiving Agent has agreed to act as receiving agent in connection with the Offer for Subscription.

Under the terms of the Receiving Agent Agreement, the Receiving Agent is entitled to a fixed fee of £7,500 plus a processing fee per application.

The Company has given certain market standard indemnities in favour of the Receiving Agent and its affiliates and their directors, officers, employees, agents and certain other representatives in respect of the Receiving Agent's potential losses in carrying on its responsibilities under the Receiving Agent Agreement. The Receiving Agent's liabilities under the Receiving Agent are subject to a cap.

The Receiving Agent Agreement is governed by the laws of the Island of Guernsey.

## **6.7 The Letter of Intent**

The Letter of Intent dated 19 October 2020 between the Company and Round Hill Fund One under the terms of which Round Hill Fund One has granted the Company a period of exclusivity (which expires on 3 December 2020) to carry out due diligence into the Pipeline Investments and, subject to the satisfaction of various conditions, complete the acquisition of some or all of the Pipeline Investments. Under the terms of the LOI, Round Hill Fund One has also agreed to pay the Company a break fee should, in the 3 month period following the expiry of the exclusivity period, Round Hill Fund One dispose of all or a substantial part of its assets to a third party or if substantially all of the limited partnership interests in Round Hill Fund One are disposed of to a third party.

## **7. LITIGATION**

There have been no governmental, legal or arbitration proceedings, and the Company is not aware of any governmental, legal or arbitration proceedings pending or threatened, nor of any such proceedings having been pending or threatened at any time preceding the date of this document, which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Company.

## **8. WORKING CAPITAL**

The Company is of the opinion that, on the basis the Minimum Net Proceeds are raised, the working capital available to the Company is sufficient for its present requirements, that is, for at least the next 12 months from the date of this document.

If the Minimum Net Proceeds are not raised, the Initial Issue may only proceed where such lesser amount of Net Proceeds is agreed between the Company, the Investment Manager and Cenkos and where a supplementary prospectus (including a working capital statement based on a revised Minimum Net Proceeds figure) has been prepared in relation to the Company and approved by the FCA. In the event that the Company does not wish to prepare and publish a supplementary prospectus incorporating a working capital statement based on a revised Minimum Net Proceeds figure the Initial Issue will not proceed, the arrangements in respect of the Initial Issue will lapse and any monies received in respect of the issue will be returned to applicants and Placees without interest at applicants'/investors' risk.

## **9. CAPITALISATION AND INDEBTEDNESS**

As at the date of this document, the Company has no guaranteed, secured, unguaranteed or unsecured debt and no indirect or contingent indebtedness, and there have been no material changes to the Company's capitalisation from the date of incorporation to the date of this document.

## **10. 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 managers established outside the EEA, such as the Investment Manager. Rather, non-EEA

managers 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 manager markets 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 measuring and capping leverage in line with known European standards, the treatment of investors, liquidity management, the use of “depositories” and cover for professional liability risks.

#### ***Professional indemnity insurance***

The Investment Manager 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. Notwithstanding the above, the Investment Manager does maintain professional indemnity insurance cover.

#### ***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.

In managing the Company’s assets, therefore, the Investment Manager will seek to ensure that the Company holds at all times a portfolio of assets that is sufficiently liquid to enable it to discharge its payment obligations.

#### ***Main legal implications of the contractual relationship entered into for the purpose of investment***

The Company is a company limited by shares, incorporated in Guernsey. While investors acquire an interest in the Company on subscribing for or purchasing Shares, the Company is the sole legal and/or beneficial owner of its investments. Consequently, Shareholders have no direct legal or beneficial interest in those investments. The liability of Shareholders for the debts and other obligations of the Company is limited to the amount unpaid, if any, on the Shares held by them.

Shareholders’ rights in respect of their investment in the Company are governed by the Articles and the Companies Law. Under Guernsey law, the following types of claim may in certain circumstances be brought against a company by its shareholders: contractual claims under its articles of incorporation; claims in misrepresentation in respect of statements made in its prospectus and other marketing documents; unfair prejudice claims; and derivative actions. In the event that a Shareholder considers that it may have a claim against the Company in connection with such investment in the Company, such Shareholder should consult its own legal advisers.

#### ***Jurisdiction and applicable law***

As noted above, Shareholders’ rights are governed principally by the Articles and the Companies Law. By subscribing for Shares, investors agree to be bound by the Articles, which are governed by, and construed in accordance with, the laws of Guernsey.

#### ***Recognition and enforcement of foreign judgments***

Subject to the provisions and requirements of Guernsey’s reciprocal enforcement legislation, the Royal Court in Guernsey (the “**Royal Court**”) will recognise as a valid judgment and, without review of its substance, enforce any final and conclusive judgment obtained against the Company in the superior courts of a defined list of jurisdictions. The requirements of such reciprocal enforcement legislation include that the relevant judgment be given by a superior court of competent jurisdiction and that it be: (i) final and conclusive as between the parties thereto; and (ii) in respect of a sum of money not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty. The relevant legislation provides further that the registration of any such judgment may be set aside if, *inter alia*, the

Royal Court is satisfied that: (i) the judgment is not a judgment to which reciprocal enforcement legislation applies or was registered in contravention of such reciprocal enforcement legislation; (ii) relevant superior courts have no jurisdiction in the circumstances of the case or the judgment debtor, being the defendant in the proceedings in the original court, did not receive notice of proceedings in the original court in sufficient time to enable him to defend the proceedings and did not appear; (iii) the judgment was obtained by fraud; (iv) enforcement would be contrary to public policy in Guernsey; or (v) the rights under the judgment are not vested in the person by whom the application for registration was made. The Royal Court would recognise as a valid judgment any final and conclusive judgment obtained in certain other jurisdictions against the Company and would give a judgment based thereon without reconsideration of the merits, assuming proper service of process and assumption of jurisdiction in accordance with the laws such jurisdictions if: (i) the judgment was for a fixed or ascertainable sum of money; (ii) the judgment was not obtained by fraud or in a manner opposed to the principles of natural justice; (iii) the judgment was not obtained in proceedings of a penal or taxation character; and (iv) recognition of the judgment is not contrary to public policy as applied by the Royal Court.

### ***Fair treatment of Shareholders***

The Directors of the Company have certain statutory duties with which they must comply. These include a duty upon each Director to act in the way he considers, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole.

The Company has decided to voluntarily comply with certain Listing Rules and listing principles that are applicable to closed-ended investment companies with a premium listing on the Official List of the FCA. In particular, Premium Listing Principles 3 and 5, with which the Company has decided to comply, provide for fair treatment of Shareholders.

The Investment Manager maintains a conflicts of interest policy to avoid and manage any conflicts of interest that may arise between the Investment Manager (and Manager Affiliated Parties) and the Company.

The Investment Manager shall be entitled (at its sole discretion), without obligation to disclose details thereof or obtain the approval of Shareholders, to agree to pay a Shareholder (which the Investment Manager determines is making a significant or strategic investment in the Company) an amount equal to the whole or part of the Management Fee that the Investment Manager receives in respect of the amount invested by that Shareholder in subscribing for Shares.

No investor has a right to obtain preferential treatment in relation to their investment in the Company and the Company does not give preferential treatment to any investors.

The Shares of each class rank *pari passu*.

### ***Rights against third party service providers***

The Company is reliant on the performance of third party service providers, including the Investment Manager, the Administrator, the Auditor, the Receiving Agent 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 Ordinary 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.

If 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.

The above is without prejudice to any right a Shareholder may have to bring a claim against an FCA authorised service provider under section 138D of FSMA (which provides that breach of an FCA rule by such service provider is actionable by a private person who suffers loss as a result), or any tortious cause of action. Shareholders who believe they may have a claim under section 138D of FSMA, or in tort, against any service provider in connection with their investment in the Company, should consult their legal adviser.



Shareholders who are “Eligible Complainants” for the purposes of the FCA “Dispute Resolutions Complaints” rules (natural persons, micro-enterprises and certain charities or trustees of a trust) are able to refer any complaints against FCA authorised service providers to the Financial Ombudsman Service (“FOS”) (further details of which are available at [www.fos.org.uk](http://www.fos.org.uk)). Additionally, Shareholders may be eligible for compensation under the Financial Services Compensation Scheme (“FSCS”) if they have claims against an FCA authorised service provider which is in default. There are limits on the amount of compensation. Further information about the FSCS can be found at [www.fscs.org.uk](http://www.fscs.org.uk). To determine eligibility in relation to either the FOS or the FSCS, Shareholders should consult the respective websites above and speak to their legal advisers.

#### ***Procedure and conditions for the issue and sale of shares***

The terms and conditions under which investors can subscribe for Shares under the Initial Placing and under Subsequent Placings are set out in Part 9 of this document.

The terms and conditions and application form to subscribe for Ordinary Shares under the Offer for Subscription are set out in Part 10 of this document.

New Shares may be issued at the Board’s discretion and providing relevant Shareholder issuance authorities are in place. Shareholders do not have the right to redeem their Shares. While the Company will typically have Shareholder authority to buy back Ordinary Shares any such buy back is at the absolute discretion of the Board and no expectation or reliance should be placed on the Board exercising such discretion.

#### ***How and when the information required under Article 23 of the AIFM Directive will be disclosed***

Under Article 23(4) of the AIFM Directive, the Investment Manager must periodically disclose to Shareholders:

- the percentage of the Company’s assets which are subject to special arrangements arising from their illiquid nature;
- any new arrangements for managing the liquidity of the Company; and
- the current risk profile of the Company and the risk management systems employed by the Investment Manager to manage those risks.

This information shall be disclosed as part of the Company’s annual and half year reporting to Shareholders.

Information on the total amount of leverage employed by the Company shall be disclosed as part of the Company’s periodic reporting to Shareholders.

Without limitation to the generality of the foregoing, any information required under Article 23(4) or 23(5) of the AIFM Directive may be disclosed to Shareholders: (a) in the Company’s annual report or half-yearly report; (b) by the Company issuing an announcement via an RIS; (c) in a subsequent prospectus; and/or (d) by the Company publishing the relevant information on [www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com).

## **11. GENERAL**

11.1 Where third party information has been referenced in this document, the source of that third party information has been disclosed. All information in this document that has been sourced from third parties 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.

11.2 No application is being made for the Shares to be dealt with in or on any stock exchange or investment exchange other than to the Specialist Fund Segment.

11.3 Cenkos has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it appears.

11.4 The Investment Manager was formed as a Delaware limited partnership on 15 November, 2011. The principal place of business of the Investment Manager is 650 Fifth Avenue, Suite 1420, New York, NY 10019, United States (tel. +1 (212) 380-0080). The Investment Manager has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which they appear. The Investment Manager accepts responsibility for the following parts of this document (together the “**Investment Manager Sections**”) for the purposes of Prospectus Regulation Rule 5.3.2(2)(f): Risk Factors – the sections headed “The Company’s performance may be adversely impacted by the coronavirus pandemic”, “the bi-annual Economic NAV figures published by the Company will be estimates only, which may also be materially different from actual reported results appearing in the Company’s IFRS financial statements”, “Risks relating to the Investment Manager”, “Risks relating to the Investment Objective and the Investment Policy”, “Risks relating to intellectual property” and “Risks relating to the music industry”; (ii) Part 1 – Information on the Company – the sections headed “Introduction”, “Investment Objective and Investment Policy”, “Pipeline Investments and initial investment period”, and “Dividend policy and target total return”; (iii) Part 2 – Market opportunity, investment philosophy and strategy; and (iv) Part 3 – Directors, Management and Administration – the sections headed “the Investment Manager”, “Management and Investment team”, and “Conflicts of Interest”. To the best of the knowledge of the Investment Manager, the Investment Manager Sections are in accordance with the facts and make no omission likely to affect its import.

11.5 The Auditor of the Company is KPMG Channel Islands Limited whose registered office is at 37 Esplanade, St Helier, Jersey JE4 8WQ and have been the only Auditors of the Company since its incorporation. The Auditors’ place of business in Guernsey is at Gategny Court, Gategny Esplanade, St Peter Port, Guernsey GY1 1WR. KPMG Channel Islands Limited is a member of the Institute of Chartered Accountants in England and Wales.

11.6 The effect of the Initial Issue will be to increase the net assets of the Company. On the assumption that the Initial Issue is subscribed as to 375 million Ordinary Shares, the Initial Issue is expected to increase the net assets of the Company by approximately US\$367.5 million.

11.7 The Company shall not acquire as an asset, or otherwise become exposed to, whether directly or indirectly, any Potential Securitisation Position.

For this purpose, a “**Potential Securitisation Position**” is any investment that gives rise to credit risk in respect of one or more assets where:

- (a) the credit risk associated with the assets is “tranching”; or
- (b) for any other reason the Company believes the investment might be or form part of a “securitisation” under Regulation (EU) 2017/2402 (the “**Securitisation Regulation**”).

For this purpose, credit risk in relation to assets is “**tranching**” if the claims of one or more investors (or the originator) in relation to the cashflows from those assets are subordinated to the claims of other investors.

## 12. DOCUMENTS AVAILABLE FOR INSPECTION

12.1 Copies of the following documents will be available on the Company’s website ([www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com)) and for inspection at the registered office of the Company during normal business hours on any Business Day from the date of this document until 18 October 2021:

- the memorandum of incorporation of the Company and the Articles; and
- this document.

Dated: 19 October 2020

## PART 8: DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

<b>Administration Agreement</b>	the administration agreement between the Company and the Administrator, a summary of which is set out in paragraph 6.4 of Part 7 of this document
<b>Administrator</b>	JTC Fund Solutions (Guernsey) Limited
<b>Admission</b>	means, as the context requires, (i) Initial Admission and/or (ii) any admission of Shares pursuant to any Subsequent Placing (as the context may require) to trading on the Specialist Fund Segment becoming effective in accordance with the Admission and Disclosure Standards
<b>Admission and Disclosure Standards</b>	the Admission and Disclosure Standards published by the London Stock Exchange as amended from time to time
<b>affiliate</b>	an affiliate of, or person affiliated with, a specified person being a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with, the person concerned
<b>AIC</b>	the Association of Investment Companies
<b>AIC Code</b>	the AIC Code of Corporate Governance published by the AIC from time to time
<b>AIF</b>	an alternative investment fund
<b>AIFM</b>	an alternative investment fund manager within the meaning of the AIFM Directive
<b>AIFM Directive</b>	Directive 2011/61/EU of the European Parliament and of the Council on Alternative Investment Fund Managers as amended from time to time
<b>AIFM Regulations</b>	the Alternative Investment Fund Managers Regulations 2013 of the United Kingdom (SI 2013/1773) as amended from time to time
<b>AIFM Rules</b>	the AIFM Directive and all applicable rules and regulations implementing the AIFM Directive in the UK, including, without limitation, the AIFM Regulations and all relevant provisions of the FCA Handbook
<b>AML Legislation</b>	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 Business on Countering Financial Crime and Terrorist Financing (as amended, supplemented and/or replaced from time to time), together with any applicable legislation in the UK, including but not limited to, the Proceeds of Crime Act 2002 (as amended) and the UK Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 as amended from time to time together with any subordinate legislation, regulations or guidance notes pursuant thereto
<b>Application Form</b>	the application form attached to this document, as an Appendix, for use in connection with the Offer for Subscription
<b>Articles</b>	the articles of incorporation of the Company as amended from time to time
<b>ASCAP</b>	the American Society of Composers, Authors and Publishers
<b>Audit Committee</b>	the audit committee of the Board
<b>Auditors or KPMG</b>	KPMG Channel Islands Limited

<b>Benefit Plan Investor</b>	(i) an employee benefit plan that is subject to the fiduciary responsibility or prohibited transaction provisions of Title I of ERISA (including, as applicable, assets of an insurance company general account) or a plan that is subject to the prohibited transaction provisions of section 4975 of the U.S. Tax Code (including an individual retirement account), (ii) an entity whose underlying assets include “plan assets” by reason of a Plan’s investment in the entity, or (iii) any “benefit plan investor” as otherwise defined in section 3(42) of ERISA or regulations promulgated by the U.S. Department of Labor
<b>Berne Convention</b>	The Berne Convention for the Protection of Literary and Artistic Works 1886 as amended
<b>BMI</b>	Broadcast Music, Inc
<b>Board</b>	the board of Directors of the Company or any duly constituted committee thereof
<b>Business Day</b>	any day which is not a Saturday or Sunday or a bank holiday in the City of London or Guernsey
<b>Capital gains tax or CGT</b>	UK taxation of capital gains or corporation tax on chargeable gains, as the context may require
<b>Catalogue</b>	one or more Copyrights acquired from a single songwriter or recording artist
<b>Cenkos</b>	Cenkos Securities PLC
<b>certificated or in certificated form</b>	not in uncertificated form
<b>COB Rules</b>	the FCA’s Conduct of Business source book
<b>Code</b>	the GFSC’s Financial Sector Code of Corporate Governance
<b>Companies Law</b>	the Companies (Guernsey) Law, 2008 as amended
<b>Company</b>	Round Hill Music Royalty Fund Limited
<b>Continuation Resolution</b>	has the meaning set out in paragraph 7 of Part 1 of this document
<b>Conversion</b>	has the meaning set out in the Articles
<b>Copyright</b>	a songwriter’s copyright interest (which comprises their writer’s share, their publisher’s share and their performance rights) together with the rights in the recording of the musical composition or song (known as the master recording rights) to include, where the context so requires, any one or more of such interests or rights or any part of such interests or rights
<b>CREST</b>	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
<b>CREST Regulations</b>	the Uncertificated Securities (Guernsey) Regulations 2009 (SI 2009 No. 48) as amended from time to time
<b>CRS</b>	The Common Reporting Standard
<b>C Shares</b>	C shares of no par value each in the capital of the Company and “ <b>C Share</b> ” shall be construed accordingly
<b>CTA 2009</b>	Corporation Tax Act 2009 and any statutory modification or re-enactment thereof for the time being in force
<b>CTA 2010</b>	Corporate Tax Act 2010 and any statutory modification or re-enactment thereof for the time being in force

## Derivatives

means derivative or quasi derivative instruments that satisfy the following requirements (which are based on the requirements that applied up to 31 December 2015 for them to be admissible assets for a UK insurer):

- (A) the instrument must be “covered”: this means that the Company must at all times be able to identify assets that can be used to satisfy any reasonably foreseeable payment or delivery obligations that may arise in connection with the instrument; those assets must:
  - (1) be held within the Company or have been confirmed to be available to be applied from outside the Company;
  - (2) not have been borrowed by the Company; and
  - (3) not represent cover for the payment and delivery obligations under any other derivative or quasi-derivative instrument; and
- (B) the instrument must be:
  - (1) entered into on or under the rules of a “regulated market” in the EU, as listed on the website of the European Securities and Markets Authority, or a market outside the EU that is subject to a broadly equivalent level of regulation to an EU regulated market; or
  - (2) entered into with a bank or investment firm authorised in the EU and, except for a forward transaction, on terms such that the Investment Manager could close out the instrument within a reasonable time under normal market conditions, either through a transaction with the counterparty or a third party, at a price not less than the value attributed to it by the Investment Manager for purposes of valuation of the Company; and
  - (3) the instrument must be capable of being valued by the Investment Manager on a reliable basis throughout its life.

All references above to:

- (i) a “derivative” above shall mean a contract for differences, a future or an option; and
- (ii) a “quasi-derivative” shall mean a contract or asset that has the effect of a derivative contract. Quasi-derivatives may be regarded as those contracts or assets which are not derivatives but which effectively contain an embedded derivative component which significantly impacts the contracts or assets cash flow and risk profile so as to mirror the economic effect of a derivative.

## Digital Music Platforms or DMPs

digital service providers or platforms such as Spotify or Apple Music

## Directors

the directors from time to time of the Company and “**Director**” is to be construed accordingly

## Disclosure Guidance and Transparency Rules

the disclosure guidance published by the Financial Conduct Authority and the transparency rules made by the Financial Conduct Authority under section 73A of FSMA as amended from time to time

<b>DP Legislation</b>	the laws which govern the handling of personal data, including but not limited to, the Data Protection (Bailiwick of Guernsey) Law, 2017 and any other legislation in Guernsey concerning data protection, the General Data Protection Regulation (EU) 2016/679 and any other applicable laws implementing that regulation or related to data protection
<b>DVP</b>	delivery versus payment
<b>Economic NAV</b>	at any date, the Gross Asset Value less the amount which (to the extent not otherwise deducted in the calculation of Gross Asset Value), in accordance with the Company's latest published valuation methodology, fairly reflects the amount of the liabilities and expenses of the Company
<b>Economic Net Asset Value per C Share</b>	at any time the Economic NAV attributable to a particular class of C Shares divided by the number of C Shares of such class in issue at the date of calculation
<b>Economic Net Asset Value per Ordinary Share</b>	at any time the Economic NAV attributable to the Ordinary Shares divided by the number of Ordinary Shares in issue (other than Ordinary Shares held in treasury) at the date of calculation
<b>EEA</b>	European Economic Area
<b>EEA EFTA States</b>	comprising Iceland, Liechtenstein and Norway
<b>ERISA</b>	U.S. Employee Retirement Income Security Act of 1974 as amended
<b>ESMA</b>	the European Securities and Markets Authority
<b>Euro or €</b>	the lawful currency of the EU
<b>Euroclear</b>	Euroclear UK & Ireland Limited, being the operator of CREST
<b>European Union or EU</b>	the European Union first established by the treaty made at Maastricht on 7 February 1992
<b>FATCA</b>	the U.S. Foreign Account Tax Compliance Act of 2010 as amended from time to time
<b>FCA</b>	the Financial Conduct Authority or any successor authority
<b>FCA Handbook</b>	the FCA Handbook of rules and guidance as amended from time to time
<b>Final Closing Date</b>	18 October 2021
<b>FSMA</b>	the Financial Services and Markets Act 2000 and any statutory modification or re-enactment thereof for the time being in force
<b>GFSC</b>	the Guernsey Financial Services Commission
<b>Gross Asset Value</b>	at any date, the aggregate of: <ul style="list-style-type: none"> <li>(i) the value of all the investments of the Company as determined by the Directors and calculated in the case of Copyrights by reference to an independent valuer's determination of the appropriate current value for such Copyrights, 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 Copyrights; and</li> <li>(ii) the amount which, in accordance with the Company's latest published valuation methodology, fairly reflects the value of all other assets of the Company</li> </ul>
<b>Gross Proceeds</b>	the gross proceeds of the Initial Issue

<b>Group</b>	the Company and its subsidiaries from time to time
<b>HMRC</b>	Her Majesty's Revenue and Customs
<b>Hurdle</b>	an increase in the Issue Price equal to 10 per cent. per annum (calculated from Initial Admission and compounded annually) subject to adjustments to take into account, <i>inter alia</i> , any consolidation or sub-division of Ordinary Shares
<b>IFPI</b>	The International Federation of the Phonographic Industry, an organisation that represents the interests of the recording industry worldwide
<b>IFRS</b>	international financial reporting standards
<b>IFRS NAV</b>	the value, as at any date, of the assets of the Company after deduction of all liabilities determined in accordance with IFRS
<b>Initial Admission</b>	admission of the Ordinary Shares issued pursuant to the Initial Issue to trading on the Specialist Fund Segment
<b>Initial Issue</b>	the Initial Placing and the Offer for Subscription
<b>Initial Placing</b>	the conditional placing of Ordinary Shares by Cenkos at the Issue Price as described in this document
<b>Investment Management Agreement</b>	the investment management agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6.2 of Part 7 of this document
<b>Investment Manager, Round Hill or RHM</b>	Round Hill Music LP
<b>Investment Objective</b>	the Company's investment objective as set out in Part 1 of this document
<b>Investment Policy</b>	the Company's investment policy as set out in Part 1 of this document
<b>IRR</b>	internal rate of return
<b>ISA</b>	an individual savings account maintained in accordance with the UK Individual Savings Account Regulations 1998 as amended from time to time
<b>ISIN</b>	International Securities Identification Number
<b>Issue Price</b>	US\$1.00 per Ordinary Share
<b>Key Information Document</b>	the key information document relating to the Ordinary Shares or the C Shares (as the case may be) produced pursuant to the PRIIPs Regulation as amended and updated from time to time
<b>LEI</b>	Legal Entity Identifier
<b>Letter of Intent or LOI</b>	the letter of intent between the Company and Round Hill Fund One, a summary of which is set out in paragraph 6.7 of Part 7 of this document
<b>Listing Rules</b>	the listing rules made by the FCA under section 73A of FSMA as amended from time to time
<b>London Stock Exchange</b>	London Stock Exchange plc
<b>Main Market</b>	the London Stock Exchange's main market for listed securities
<b>Management Engagement Committee</b>	the management engagement committee established by the Board
<b>Management Fee</b>	the management fee payable to the Investment Manager as described in paragraph 4 of Part 3 of this document

<b>Manager Affiliated Parties</b>	the Investment Manager, its principals and their respective affiliates
<b>Market Abuse Regulation or MAR</b>	Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as amended from time to time
<b>MiFID II</b>	Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Directive 2002/92/EC and Directive 2011/61/EU (“ <b>MiFID</b> ”) and Regulation (EU) No 600/2014 of the European Parliament and the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (“ <b>MiFIR</b> ”, and together with MiFID, “ <b>MiFID II</b> ”) as amended from time to time
<b>MiFID II Product Governance Requirements</b>	has the meaning set out on page 28 of this document
<b>Minimum Gross Proceeds</b>	the minimum gross proceeds of the Initial Issue, being US\$200 million
<b>Minimum Net Proceeds</b>	the Minimum Gross Proceeds less the costs and expenses of the Initial Issue
<b>Money Laundering Directive</b>	the Council Directive on prevention of the use of the financial system for the purposes of money laundering or terrorist financing (EU/2015/849) as amended by the Money Laundering Directive (EU) 2018/843 of the European Parliament and of the Council of the European Union of 9 July 2018 on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing
<b>Music Modernization Act</b>	the Orrin G. Hatch-Bob Goodlatte Music Modernization Act 2018
<b>Net Proceeds</b>	the proceeds of the Initial Issue or a Subsequent Placing (as the case may be) after deduction of costs and expenses
<b>Non-Qualified Holder</b>	has the meaning set out in the Articles
<b>NPS or Net Publisher’s Share</b>	Net Publisher’s Share being the amount received by the music publisher after deduction of all fees, commissions and all royalties and other shares of income payable to third parties
<b>NURS</b>	a non-UCITS retail scheme, which is an authorised fund which is neither a UCITS nor a qualified investor scheme
<b>Offer for Subscription</b>	the offer for subscription of Ordinary Shares at the Issue Price on the terms set out in this document
<b>Official List</b>	the official list maintained by the FCA pursuant to Part VI of FSMA
<b>Ordinary Shares</b>	ordinary shares of no par value each in the capital of the Company and “ <b>Ordinary Share</b> ” shall be construed accordingly
<b>Overseas Persons</b>	a potential investor who is not resident in, or who is not a citizen of, the UK
<b>Performance Fee</b>	the performance fee payable to the Investment Manager as described in paragraph 4 of Part 3 of this document
<b>Performance Hurdle Price</b>	has the meaning set out in paragraph 4 of Part 3 of this document
<b>Performance Rights Organisations or PROs</b>	Performance Rights Organisations such as ASCAP and PRS for Music which collect royalties on behalf of the owners of Copyrights
<b>PFIC</b>	passive foreign investment company



<b>Pipeline Investments</b>	all or some of the assets proposed to be acquired by the Company following Initial Admission further details of which are set out in Part 1 of this document
<b>Placee</b>	any person who agrees to subscribe for Shares pursuant to the Initial Placing and/or any Subsequent Placing
<b>Placing and Offer Agreement</b>	the conditional placing, offer and placing programme agreement between the Company, the Directors, Round Hill and Cenkos, a summary of which is set out in paragraph 6.1 of Part 7 of this document
<b>Placing Programme</b>	the proposed placing programme of Shares incorporating any Subsequent Placing as described in this document
<b>Placing Programme Price</b>	the price at which Shares will be issued to Placees pursuant to a Subsequent Placing under the Placing Programme, as set out in Part 5 of this document
<b>POI Law</b>	the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended
<b>Portfolio</b>	the Company's total portfolio of investments from time to time
<b>Portfolio Administration Agreement</b>	the portfolio administration agreement between the Company and the Investment Manager, a summary of which is set out in paragraph 6.3 of Part 7 of this document
<b>PPL</b>	Phonographic Performance Limited, a UK based music licensing company
<b>PRIIPs Regulation</b>	Regulation EU No. 1286/2014 on key information documents for packaged retail and insurance-based investment products as amended from time to time
<b>PRO</b>	a performance rights organisation
<b>Prospectus Regulation</b>	Regulation (EU) No. 2017/1129 on the prospectus to be published when securities are offered to the public or admitted to trading on a regulated market, and repealing Directive 2003/71/EC
<b>Prospectus Regulation Rules</b>	the prospectus regulation rules made by the FCA under section 73A of FSMA as amended from time to time
<b>PRS for Music</b>	PRS for Music Limited, a UK PRO
<b>RCIS Rules</b>	the Registered Collective Investment Scheme Rules 2018
<b>Receiving Agent</b>	JTC Registrars Limited
<b>Receiving Agent Agreement</b>	the receiving agent agreement between the Company and the Receiving Agent, a summary of which is set out in paragraph 6.6 of Part 7 of this document
<b>Register</b>	the register of Shareholders of the Company
<b>Registrar</b>	JTC Registrars Limited
<b>Registrar Agreement</b>	the registrar agreement between the Company and the Registrar, a summary of which is set out in paragraph 6.5 of Part 7 of this document
<b>Regulation S</b>	Regulation S promulgated under the U.S. Securities Act as amended from time to time
<b>Regulatory Information Service or RIS</b>	a service authorised by the FCA to release regulatory announcements to the London Stock Exchange
<b>Relevant State</b>	each member state of the EU and the EEA EFTA States and the United Kingdom

<b>Restricted Jurisdiction</b>	shall have the meaning set out in paragraph 4.13 of Part 9 of this document
<b>Round Hill Fund One</b>	Round Hill Music Royalty Fund LP, a Delaware limited partnership of which Round Hill is the investment manager
<b>SEC</b>	the United States Securities and Exchange Commission
<b>SEDOL</b>	the Stock Exchange Daily Official List
<b>Shareholder</b>	a holder of Shares
<b>Shares</b>	the Ordinary Shares and/or the C Shares, as the context may require
<b>similar law</b>	any U.S. federal, state, local or foreign law that is similar to section 406 of ERISA or section 4975 of the U.S. Tax Code
<b>SIPP</b>	a self-invested personal pension as defined in Regulation 3 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Permitted Investments) Regulations 2001 of the UK
<b>Specialist Fund Segment or SFS</b>	the Specialist Fund Segment of the Main Market
<b>SSAS</b>	a small self-administered scheme as defined in Regulation 2 of the Retirement Benefits Schemes (Restriction on Discretion to Approve) (Small Self-Administered Schemes) Regulations 1991 of the UK
<b>Sterling or GBP or £ or pence</b>	the lawful currency of the United Kingdom
<b>Subsequent Placing</b>	any placing of Shares pursuant to the Placing Programme described in this document
<b>Takeover Code</b>	the City Code on Takeovers and Mergers
<b>Takeover Panel</b>	the UK Panel on Takeovers and Mergers
<b>Target Dividend</b>	has the meaning given in paragraph 4 of Part 1 of this document
<b>Target Market Assessment</b>	has the meaning defined on page 29 of this document
<b>Terms and Conditions of Application</b>	the terms and conditions to which subscriptions under the Offer for Subscription are subject as set out in Part 10 of this document
<b>UCITS</b>	an authorised fund authorised by the FCA in accordance with the UCITS Directive
<b>UCITS Directive</b>	Directive 2009/65/EC of the European Parliament and of 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 from time to time
<b>U.S. Copyright Act</b>	the U.S. Copyright Act of 1976 as amended from time to time
<b>U.S. Investment Advisers Act</b>	the U.S. Investment Advisers Act of 1940 as amended from time to time
<b>U.S. Investment Company Act</b>	U.S. Investment Company Act of 1940 as amended from time to time
<b>U.S. Person</b>	any person who is a U.S. person within the meaning of Regulation S adopted under the U.S. Securities Act
<b>U.S. Securities Act</b>	U.S. Securities Act of 1933 as amended from time to time
<b>U.S. Tax Code</b>	the U.S. Internal Revenue Code of 1986 as amended from time to time
<b>UK Corporate Governance Code</b>	the UK Corporate Governance Code as published by the Financial Reporting Council from time-to-time

<b>UK Subsidiaries</b>	UK subsidiaries of the Company incorporated from time to time to hold assets of the Company
<b>uncertificated or in uncertificated form</b>	a share recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST
<b>United Kingdom or UK</b>	the United Kingdom of Great Britain and Northern Ireland
<b>United States of America, United States or U.S.</b>	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia
<b>US Dollar or USD or US\$ or cent</b>	the lawful currency of the United States of America
<b>VAT</b>	value added tax

## PART 9: TERMS AND CONDITIONS OF THE INITIAL PLACING AND PLACING PROGRAMME

### 1. INTRODUCTION

- 1.1 Each Placee which confirms its agreement (whether orally or in writing) to Cenkos to subscribe for Shares under the Initial Placing or any Subsequent Placing will be bound by these terms and conditions and will be deemed to have accepted them.
- 1.2 Cenkos may require any 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 and may require any such Placee to execute a separate placing letter ("**Placing Letter**").

### 2. AGREEMENT TO SUBSCRIBE FOR SHARES

- 2.1 Conditional on, amongst other things: (i) in respect of the Initial Placing only, Initial Admission occurring and becoming effective by 8.00 a.m. on or prior to 13 November 2020 (or such later time and/or date, not being later than 31 March 2021 as may be agreed by Cenkos, the Company and the Investment Manager); (ii) in respect of a Subsequent Placing only, Admission of the Shares issued pursuant to the relevant Subsequent Placing occurring and becoming effective by 8.00 a.m. on or prior to the date agreed by the Company and Cenkos in respect of that Subsequent Placing, not being later than 18 October 2021; (iii) in the case of the Initial Placing, the Minimum Gross Proceeds (being US\$200 million) (or such lesser amount as the Company, the Investment Manager and Cenkos may agree) being raised; (iv) the Placing and Offer Agreement becoming otherwise unconditional in all respects in respect of the Initial Placing or the relevant Subsequent Placing, as applicable, and not having been terminated on or before the date of the Initial Placing or the relevant Subsequent Placing; and (v) Cenkos confirming to the Placees their allocation of Shares, a Placee agrees to become a Shareholder of the Company and agrees to subscribe for those Shares allocated to it by Cenkos at the Issue Price or applicable Placing Programme 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.
- 2.2 Applications under the Initial Placing and any Subsequent Placing must be for a minimum subscription amount of US\$1,000.
- 2.3 Any commitment to acquire Shares under the Initial Placing and/or any Subsequent Placing agreed orally with Cenkos, as agent for the Company, will constitute an irrevocable, legally binding commitment (the "**Placing Commitment**") upon that person (who at that point will become a Placee) in favour of the Company and Cenkos, to subscribe for the number of Shares allocated to it on the terms and subject to the conditions set out in this Part 9 and the contract note or oral or email placing confirmation as applicable (for the purpose of this Part 9, the "**Contract Note**" or the "**Placing Confirmation**") and in accordance with the Articles. Except with the consent of Cenkos, such oral commitment will not be capable of variation or revocation after the time at which it is made.
- 2.4 Each Placee's allocation of Shares under the Initial Placing and/or any Subsequent Placing will be evidenced by a Contract Note confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay Cenkos, as agent for the Company. The provisions as set out in this Part 9 will be deemed to be incorporated into that Contract Note.
- 2.5 If the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Cenkos may agree) are not raised, the Initial Placing will lapse and all proceeds will be returned to Placees without interest and at the Placee's risk.

### 3. PAYMENT FOR SHARES

- 3.1 Each Placee undertakes to pay the Issue Price or Placing Programme Price (as applicable) for the Shares issued to the Placee in the manner and by the time directed by Cenkos. In the event of any failure by any Placee to pay as so directed and/or by the time required by Cenkos, the relevant Placee's application for Shares may, at the discretion of Cenkos, either be accepted or rejected and, in the former case, paragraph 3.2 below shall apply.

- 3.2 Each Placee is deemed to agree that if it does not comply with its obligation to pay the relevant Issue Price or Placing Programme Price for the Shares allocated to it in accordance with paragraph 3.1 of these terms and conditions 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 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 interest or penalties) which may arise upon the sale of such Shares on such Placee's behalf.
- 3.3 Settlement of transactions in the Shares following Initial Admission will take place in CREST but Cenkos reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction.

#### **4. REPRESENTATIONS AND WARRANTIES**

By agreeing to subscribe for Shares under the Initial Placing or a Subsequent Placing, each Placee which enters into a commitment to subscribe for Shares will (for itself and for any person(s) procured by it to subscribe for Shares and any nominee(s) for any such person(s)) be deemed to undertake, represent and warrant to each of the Company, Cenkos, the Investment Manager and the Registrar that:

- 4.1 in agreeing to subscribe for Shares under the Initial Placing or a Subsequent Placing, it is relying solely on this document and any supplementary prospectus issued by the Company and not on any other information given, or representation or statement made at any time by any person concerning the Company, the Shares, the Initial Placing or any Subsequent Placing, including without limitation, the Key Information Document(s). It agrees that none of the Company, Cenkos, the Investment Manager or the Registrar, nor any of their respective officers, agents, employees or affiliates, 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;
- 4.2 if the laws of any territory or jurisdiction outside the United Kingdom are applicable to its agreement to subscribe for Shares under the Initial Placing or a Subsequent 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 such territory or jurisdiction and that it has not taken any action or omitted to take any action which will result in the Company, Cenkos, the Investment Manager or the Registrar or any of their respective officers, agents, employees or affiliates 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 Initial Placing and/or Subsequent Placing;
- 4.3 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 9 and, as applicable, in the Contract Note or Placing Confirmation and the Articles as in force at the date of Initial Admission or the Subsequent Placing (as applicable);
- 4.4 the price payable per Ordinary Share is payable to Cenkos on behalf of the Company in accordance with the terms of these terms and conditions and in the Contract Note;
- 4.5 it has the funds available to pay for in full the Shares for which it has agreed to subscribe and it will pay the total subscription amount in accordance with the terms set out in these terms and conditions and as set out in the Contract Note on the due time and date;
- 4.6 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;
- 4.7 it acknowledges that the content of this document is exclusively the responsibility of the Company, the Directors and the Investment Manager and neither Cenkos nor any person acting on its behalf nor any of its affiliates are responsible for or shall have any liability for any

information, representation or statement contained in this document 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 Initial Placing or any Subsequent Placing based on any information, representation or statement contained in this document or otherwise;

- 4.8 it acknowledges that no person is authorised in connection with the Initial Placing or any Subsequent Placing to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by Cenkos, the Company or the Investment Manager;
- 4.9 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 (depository receipts and clearance services) of the Finance Act 1986;
- 4.10 its commitment to acquire Shares under the Initial Placing and/or any Subsequent Placing will be agreed orally or in writing (which shall include by email) with Cenkos as agent for the Company and that a Contract Note or Placing Confirmation will be issued by Cenkos as soon as possible thereafter. That oral or written agreement will constitute an irrevocable, legally binding commitment upon that person (who at that point will become a Placee) in favour of the Company and Cenkos to subscribe for the number of Shares allocated to it and comprising its Placing Commitment at the Issue Price or the Placing Programme Price on the terms and conditions set out in this Part 9 and, as applicable, in the Contract Note or Placing Confirmation and the Placing Letter (if any) and in accordance with the Articles in force as at the date of Admission. Except with the consent of Cenkos such oral or written commitment will not be capable of variation or revocation after the time at which it is made;
- 4.11 its allocation of Shares under the Initial Placing and any Subsequent Placing will be evidenced by a Contract Note or Placing Confirmation, as applicable, confirming: (i) the number of Shares that such Placee has agreed to acquire; (ii) the aggregate amount that such Placee will be required to pay for such Shares; and (iii) settlement instructions to pay Cenkos as agent for the Company. The terms of this Part 9 will be deemed to be incorporated into that Contract Note or Placing Confirmation;
- 4.12 settlement of transactions in the Shares following any Admission will take place in CREST but Cenkos reserves the right in its absolute discretion to require settlement in certificated form if, in its opinion, delivery or settlement is not possible or practicable within the CREST system within the timescales previously notified to the Placee (whether orally, in the Contract Note or Placing Confirmation, in the Placing Letter or otherwise) or would not be consistent with the regulatory requirements in any Placee's jurisdiction;
- 4.13 it accepts that none of the Shares have been or will be registered under the securities laws, or with any securities regulatory authority of, the United States, any member state of the EEA, Australia, Canada, the Republic of South Africa or Japan (each a "**Restricted Jurisdiction**"). Accordingly, the Shares may not be offered, sold, issued or delivered, directly or indirectly, within any Restricted Jurisdiction unless an exemption from any registration requirement is available;
- 4.14 if it is within the United Kingdom, it is (a) a person who falls within (i) Articles 49(2)(A) to (D) or (ii) Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (the "**Order**") or 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, that it is a person to whom the Shares may be lawfully offered under that other jurisdiction's laws and regulations and (b) a qualified investor (as such term is defined in Article 2(e) of the Prospectus Regulation);
- 4.15 if it is a resident in the EEA, it is (a) a qualified investor within the meaning of Article 2(e) of the Prospectus Regulation and (b) it is a person to whom the Shares may lawfully be marketed to under the AIFM Directive or under the applicable implementing legislation (if any) of the relevant EEA member state;

- 4.16 in the case of any Shares acquired by an investor as a financial intermediary as that term is used in Article 5(1) of the Prospectus Regulation, (i) the Shares acquired by it in the Initial Placing and/or Subsequent Placings 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 State other than qualified investors, as that term is defined in the Prospectus Regulation, 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 State other than qualified investors, the offer of those Shares to it is not treated under the Prospectus Regulation as having been made to such persons;
- 4.17 it: (i) is entitled to subscribe for the Shares under the laws of all relevant jurisdictions; (ii) has fully observed the laws of all relevant jurisdictions; (iii) has the requisite capacity and authority and is entitled to enter into and perform its obligations as a subscriber for Shares and will honour such obligations; and (iv) has obtained all necessary consents and authorities to enable it to enter into the transactions contemplated hereby and to perform its obligations in relation thereto;
- 4.18 if it is outside the United Kingdom, neither this document nor any other offering, marketing or other material in connection with the Initial Placing (for the purposes of this Part 9, each a “**Placing Document**”) 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 Initial Placing or any Subsequent 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;
- 4.19 it does not have a registered address in, and is not a citizen, resident or national of a Restricted Jurisdiction or 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;
- 4.20 if the investor is a natural person, such investor is not under the age of majority (18 years of age in the United Kingdom) on the date of such investor’s agreement to subscribe for Shares under the Initial Placing or relevant Subsequent Placing;
- 4.21 it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person and acknowledges and agrees that no Placing Document is being issued by Cenkos in its capacity as an authorised person under section 21 of FSMA and such documents may not therefore be subject to the controls which would apply if they were made or approved a financial promotion by an authorised person;
- 4.22 it is aware of and acknowledges that it is required to comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Shares in, from or otherwise involving, the United Kingdom;
- 4.23 it is aware of the provisions of the Criminal Justice Act 1993 regarding insider dealing, the Market Abuse Regulation and the Proceeds of Crime Act 2002 and in Guernsey under the Company Securities (Insider Dealing) (Bailiwick of Guernsey) Law, 1996 (as amended), Section 41A of the POI Law, and the Criminal Justice (Proceeds of Crime) (Bailiwick of Guernsey) Law, 1999, as amended and confirms that it has and will continue to comply with any obligations imposed by such statutes;
- 4.24 unless it is otherwise expressly agreed with the Company and Cenkos in the terms of the Initial Placing or any Subsequent Placing, it has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other Placing Document to any persons within the United States or to any U.S. Persons, nor will it do any of the foregoing;
- 4.25 it represents, acknowledges and agrees to the representations, warranties and agreements as set out under the heading “United States Purchase and Transfer Restrictions” in paragraph 5 below;

- 4.26 no action has been taken or will be taken in any jurisdiction other than the United Kingdom that would permit a public offering of the Shares or possession of this document (and any supplementary prospectus issued by the Company), in any country or jurisdiction where action for that purpose is required;
- 4.27 it acknowledges that neither Cenkos nor any of its respective affiliates nor any person acting on its or their behalf is making any recommendations to it, advising it regarding the suitability of any transactions it may enter into in connection with the Initial Placing or any Subsequent Placing or providing any advice in relation to the Initial Placing or any Subsequent Placing and participation in the Initial Placing or any relevant Subsequent Placing is on the basis that it is not and will not be a client of Cenkos and that Cenkos does not have any duties or responsibilities to it for providing protection afforded to their respective clients or for providing advice in relation to the Initial Placing or any Subsequent Placing (as applicable);
- 4.28 that, save in the event of fraud on the part of Cenkos, none of Cenkos, its ultimate holding companies nor any direct or indirect subsidiary undertakings of such holding companies, nor any of their respective 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' role as financial adviser and bookrunner or otherwise in connection with the Initial Placing or any Subsequent 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;
- 4.29 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 and agreements set out in this document; and (iii) to receive on behalf of each such account any documentation relating to the Initial Placing or relevant Subsequent Placing (as applicable) in the form provided by the Company and/or Cenkos. It agrees that the provision of this paragraph shall survive any resale of the Shares by or on behalf of any such account;
- 4.30 it irrevocably appoints any Director 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 Initial Placing or any Subsequent Placing (as applicable), in the event of its own failure to do so;
- 4.31 it accepts that if the Initial Placing or relevant Subsequent Placing does not proceed or the relevant conditions to the Placing and Offer Agreement are not satisfied as regards the Initial Placing or any Subsequent Placing or the Shares for which valid applications are received and accepted are not admitted to trading on the Specialist Fund Market for any reason whatsoever, then none of Cenkos or the Company or the Investment Manager, 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;
- 4.32 in connection with its participation in the Initial Placing or relevant Subsequent Placing (as applicable) it has observed all relevant legislation and regulations, in particular (but without limitation) those relating to money laundering and terrorist financing 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; or (ii) subject to the Money Laundering Directive on the prevention of the use of the financial system for the purpose of money laundering and terrorist financing; or (iii) 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;
- 4.33 it acknowledges that due to anti-money laundering requirements, Cenkos, the Administrator, the Registrar and the Company may require proof of identity and verification of the source of the payment before any application for Shares 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 monies 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 requested has not been provided by it in a timely manner;
- 4.34 that it is aware of, has complied with and will at all times comply with its obligations in connection with money laundering under the Proceeds of Crime Act 2002;
- 4.35 if it is acting as a “distributor” (for the purposes of MiFID II Product Governance Requirements):
- 4.35.1 it acknowledges that the Target Market Assessment undertaken by the Investment Manager and Cenkos does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to, the Shares and each distributor is responsible for undertaking its own Target Market Assessment in respect of the Shares and determining appropriate distribution channels;
- 4.35.2 notwithstanding any Target Market Assessment undertaken by the Investment Manager and Cenkos, it confirms that, other than where it is providing an execution-only service to investors, it has satisfied itself as to the appropriate knowledge, experience, financial situation, risk tolerance and objectives and needs of the investors to whom it plans to distribute the Shares and that it has considered the compatibility of the risk/reward profile of such Shares with the end target market; and
- 4.35.3 it acknowledges that the price of the Shares may decline and investors could lose all or part of their investment; the Shares offer no guaranteed income and no capital protection; and an investment in the Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom;
- 4.36 Cenkos, the Company and the Investment Manager are entitled to exercise any of their rights under the Placing and Offer Agreement or any other right in their absolute discretion without any liability whatsoever to it;
- 4.37 the representations, undertakings and warranties contained in this document are irrevocable. It acknowledges that Cenkos and the Company and their respective affiliates will rely upon the truth and accuracy of the foregoing representations and warranties and it agrees that if any of the representations or warranties made or deemed to have been made by its subscription of Shares are no longer accurate, it shall promptly notify Cenkos and the Company;
- 4.38 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;
- 4.39 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;
- 4.40 it accepts that the allocation of Shares shall be determined by the Company, in its absolute discretion (following consultation with Cenkos and the Investment Manager) and that it may scale down any Initial Placing or Subsequent Placing commitments for this purpose on such basis as it may determine;
- 4.41 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 Initial Placing or relevant Subsequent Placing (as applicable);

- 4.42 it authorises Cenkos to deduct from the total amount subscribed under the Initial Placing or relevant Subsequent Placing (as applicable) the aggregate commission (if any) payable on the number of Shares allocated under the Initial Placing or relevant Subsequent Placing;
- 4.43 in the event that a supplementary prospectus is required to be produced pursuant to section 87G of FSMA and in the event that it chooses to exercise any right of withdrawal pursuant to Article 23(2) of the Prospectus Regulation, such Placee will immediately re-subscribe for the Shares previously comprising its Placing Commitment;
- 4.44 the commitment to subscribe for Shares on the terms set out in these terms and conditions will continue notwithstanding any amendment that may in the future be made to the terms of the Initial Placing or any Subsequent Placing and that it will have no right to be consulted or require that its consent be obtained with respect to the Company's conduct of the Initial Placing and/or any Subsequent Placing;
- 4.45 it is capable of being categorised as a person who is a "professional client" or an "eligible counterparty" within the meaning of Chapter 3 of the COB Rules;
- 4.46 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); and
- 4.47 if it is in the Bailiwick of Guernsey, it is a person licensed under any of the POI Law, 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

Unless it is otherwise expressly agreed with the Company and Cenkos, by participating in the Initial Placing and/or a Subsequent 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 represent and warrant to each of the Company, Cenkos, the Investment Manager and the Registrar that:

- 5.1 it is not a U.S. Person, is not located within the United States, is acquiring the Shares in an offshore transaction meeting the requirements of Regulation S and is not acquiring the Shares for the account or benefit of a U.S. Person;
- 5.2 it acknowledges that 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, subject to certain exceptions, may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons absent registration or an exemption from registration under the U.S. Securities Act;
- 5.3 it acknowledges that the Company has not registered under the U.S. Investment Company Act and that the Company has put in place restrictions for transactions not involving any public offering in the United States, and to ensure that the Company is not and will not be required to register under the U.S. Investment Company Act;
- 5.4 unless the Company expressly consents in writing otherwise, 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 Part 4 of subtitle B of fiduciary responsibility or prohibited transaction Title I of ERISA; (ii) a "plan" as defined in section 4975 of the U.S. Tax Code, including an individual retirement account, that is subject to section 4975 of the U.S. Tax Code; or (iii) an entity whose underlying assets include the assets of any such "employee benefit plan" or "plans" by reason of ERISA or the U.S. Department of Labor Regulations, 29 C.F.R. 2510.3-101, as and to the extent modified by section 3(42) of ERISA (the "**Plan Assets Regulation**"), or otherwise (including certain insurance company general accounts) for the purposes of section 4.6 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 fiduciary responsibility or prohibited transaction 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;

- 5.5 that if any Shares offered and sold pursuant to Regulation S are issued 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:

“ROUND HILL MUSIC ROYALTY FUND LIMITED (THE “**COMPANY**”) HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE “**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 “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. ACCORDINGLY, THIS SECURITY MAY NOT BE OFFERED, SOLD, PLEDGED, EXERCISED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS EXCEPT IN ACCORDANCE WITH THE SECURITIES ACT OR AN EXEMPTION THEREFROM AND UNDER CIRCUMSTANCES WHICH WILL NOT REQUIRE THE COMPANY TO REGISTER UNDER THE INVESTMENT COMPANY ACT, IN EACH CASE IN ACCORDANCE WITH ALL APPLICABLE SECURITIES LAWS. FURTHER, NO PURCHASE, SALE OR TRANSFER OF THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY BE MADE UNLESS SUCH PURCHASE, SALE OR TRANSFER WILL NOT RESULT IN THE ASSETS OF THE COMPANY CONSTITUTING “PLAN ASSETS” WITHIN THE MEANING OF THE EMPLOYEE RETIREMENT INCOME SECURITY ACT OF 1974, AS AMENDED (“**ERISA**”) OR THE PLAN ASSETS REGULATION.”;

- 5.6 if in the future the investor decides to offer, sell, transfer, assign or otherwise dispose of the Shares, it will do so only in compliance with an exemption from the registration requirements of the U.S. Securities Act and under circumstances which: (a) will not require the Company to register under the U.S. Investment Company Act; and (b) will not result in the assets of the Company constituting “plan assets” within the meaning of ERISA or the Plan Assets Regulation;
- 5.7 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 sale or other transfer in connection with any distribution of the Shares in any manner that would violate the U.S. Securities Act, the U.S. Investment Company Act or any other applicable securities laws;
- 5.8 it acknowledges that the Company reserves the right to make inquiries of any holder of the 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 the holding of Shares by such person will not violate or require registration under the U.S. securities laws to transfer such Shares or interests in accordance with the Articles;
- 5.9 it is entitled to acquire the Shares under the laws of all relevant jurisdictions which apply to it, 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 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, Cenkos, the Investment Manager or their respective directors, officers, agents, employees and advisers being in breach of the laws of any jurisdiction in connection with its acceptance of participation in the Initial Placing or relevant Subsequent Placing (as applicable);
- 5.10 it has received, carefully read and understands this document, and has not, directly or indirectly, distributed, forwarded, transferred or otherwise transmitted this document or any other presentation or offering materials concerning the Shares to or within the United States or to any U.S. Persons, nor will it do any of the foregoing; and

- 5.11 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 such foregoing representations, warranties, acknowledgements and agreements on behalf of each such account.

The Company, Cenkos, the Investment Manager and the Registrar and their respective directors, officers, agents, employees, advisers and others will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements. If any of the representations, warranties, acknowledgments or agreements made by the investor are no longer accurate or have not been complied with, the investor must immediately notify the Company and Cenkos.

## 6. SUPPLY OF INFORMATION

If Cenkos, the Registrar or the Company or any of their agents request any information about a Placee's agreement to subscribe for Shares under the Initial Placing and/or a Subsequent Placing, such Placee must promptly disclose it to them.

## 7. ANTI-MONEY LAUNDERING

Each Placee acknowledges and agrees that:

- 7.1 in connection with its participation in the Initial Placing or a Subsequent Placing it has observed all relevant legislation and regulations, in particular (but without limitation) the AML 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 in force in the United Kingdom; or (ii) subject to the Money Laundering Directive; or (iii) 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;
- 7.2 due to anti-money laundering requirements, Cenkos and the Company and/or their agents may require proof of identity and verification of the source of the payment before any application for Shares can be processed and that, in the event of delay or failure by the applicant to produce any information required for verification purposes, Cenkos, the Company and/or their agents may refuse to accept the application and the subscription moneys relating thereto. It holds harmless and will indemnify Cenkos, the Company and/or their agents 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 or has not been provided on a timely basis.

## 8. DATA PROTECTION

- 8.1 Each Placee acknowledges that it has been informed that, pursuant to DP Legislation, the Company and/or the Registrar will, following Initial Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy notice (the "**Purposes**") which is available for consultation on the Company's website at [www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com) (the "**Privacy Notice**") which include to:
- 8.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the Placee's holding of Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
- 8.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Shares;
- 8.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and

- 8.1.4 process its personal data for the Registrar's internal administration.
- 8.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:
- 8.2.1 third parties located either within, or outside of, Guernsey, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests, and in particular in connection with the holding of Shares; or
- 8.2.2 its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside of Guernsey.
- 8.3 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Notice.
- 8.4 By becoming registered as a holder of Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the Placee hereby represents and warrants to the Company, the Registrar and the Administrator that: (i) it complies in all material aspects with its data controller obligations under DP Legislation and, in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the Placee has obtained the consent of any data subject to the Company and the Registrar and their respective affiliates and group companies, 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).
- 8.5 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the Placee is a natural person, he or she has read and understood the terms of the Company's Privacy Notice.
- 8.6 Each Placee acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the Placee is not a natural person, it represents and warrants that:
- 8.6.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the Placee may act or whose personal data will be disclosed to the Company as a result of the Placee agreeing to subscribe for Shares under the Initial Placing or a Subsequent Placing; and
- 8.6.2 the Placee has complied in all other respects with all applicable DP Legislation in respect of disclosure and provision of personal data to the Company.
- 8.7 Where the Placee acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Placing:
- 8.7.1 comply with all applicable DP Legislation;
- 8.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to, the personal data;
- 8.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
- 8.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the Placee to comply with the provisions set out above.

## **9. MISCELLANEOUS**

- 9.1 The rights and remedies of the Company, Cenkos, the Investment Manager 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.
- 9.2 On application, if a Placee is an individual, that Placee may be asked to disclose in writing or orally his nationality. 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 Initial Placing and any Subsequent Placings will be sent at the Placee's risk. They may be returned by post to such Placee at the address notified by such Placee.
- 9.3 Each Placee agrees to be bound by the Articles once the Shares, which the Placee has agreed to subscribe for pursuant to the Initial Placing and/or the relevant Subsequent Placing, have been acquired by the Placee. The contract to subscribe for Shares under the Initial Placing or relevant Subsequent Placing (as applicable) 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 Cenkos, the Company, the Investment Manager, the Administrator 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.
- 9.4 In the case of a joint agreement to subscribe for Shares under the Initial Placing or a Subsequent 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.
- 9.5 Cenkos and the Company expressly reserve the right to modify the Initial Placing and/or any Subsequent Placing (including, without limitation, their timetable and settlement) at any time before allocations are determined. The Initial Placing and each Subsequent Placing is subject to the satisfaction of the conditions contained in the Placing and Offer Agreement and the Placing and Offer Agreement not having been terminated. Further details of the terms of the Placing and Offer Agreement are contained in paragraph 6.1 of Part 7 of this document.

## PART 10: TERMS AND CONDITIONS OF APPLICATION UNDER THE OFFER FOR SUBSCRIPTION

### 1. INTRODUCTION

Ordinary Shares are available under the Offer for Subscription at a price of US\$1.00 per Ordinary Share.

Applications must be made on the Application Form attached as the Appendix to this document or otherwise published by the Company.

### 2. EFFECT OF APPLICATION

Applications under the Offer for Subscription must be for Ordinary Shares with a minimum subscription amount of US\$1,000 and thereafter in multiples of US\$100 or such lesser amount as the Company may determine (at its discretion). Multiple applications will not be accepted.

### 3. OFFER TO ACQUIRE ORDINARY SHARES

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:

- 3.1 offer to subscribe for such number of Ordinary Shares at US\$1.00 per Ordinary Share as may be purchased by the subscription amount specified in the box in section 1 on your Application Form (being a minimum of US\$1,000 and thereafter in multiples of US\$100; or such smaller number for which such application is accepted) on the terms, and subject to the conditions, set out in this document, including these Terms and Conditions of Application and the Articles;
- 3.2 agree that, in consideration of the Company agreeing that it will not, prior to the date of Initial Admission, offer for subscription any Ordinary Shares to any person other than by means of the procedures referred to in this document, your application may not be revoked (subject to any legal right to withdraw your application which arises as a result of the publication of a supplementary prospectus) and that this paragraph 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;
- 3.3 undertake to pay the subscription amount specified in the box in section 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 a share certificate for the Ordinary Shares applied for in certificated form or be entitled to commence dealing in Ordinary Shares applied for in uncertificated form or to enjoy or receive any rights in respect of such Ordinary Shares unless and until you make payment in cleared funds for such Ordinary Shares and such payment is accepted by the Receiving Agent (which acceptance shall be in its absolute discretion and on the basis that you indemnify the Receiving Agent, the Company and Cenkos 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) avoid the agreement to issue the Ordinary Shares and may issue them to some other person, in which case you will not be entitled to any refund or payment in respect thereof;
- 3.4 agree that, where on your Application Form a request is made for Ordinary Shares to be deposited into a CREST account (a "**CREST Account**"), (i) the Receiving Agent may in its absolute discretion amend the Application Form so that such Ordinary Shares may be issued in certificated form registered in the name(s) of the holder(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) and (ii) the Receiving Agent, the Company or Cenkos may authorise your financial adviser or whoever he or she may direct to send a document of title for, or credit your CREST Account in respect of, the number of Ordinary Shares for which your application is accepted;
- 3.5 agree, in respect of applications for Ordinary Shares in certificated form (or where the Receiving Agent exercises its discretion pursuant to paragraph 3.4 above to issue Ordinary 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 3.4 above (and any monies returnable to you) may be retained by the Receiving Agent:

- pending clearance of your remittance;
- pending investigation of any suspected breach of the warranties contained in paragraph 7 below or any other suspected breach of these Terms and Conditions of Application; or
- pending any verification of identity which is, or which the Receiving Agent considers may be, required for the purpose of the AML Legislation and any other regulations applicable thereto,

and any interest accruing on such retained monies shall accrue to and for the benefit of the Company;

- 3.6 agree, on the request of the Receiving Agent, to disclose promptly in writing to the Receiving Agent 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 they may consider appropriate;
- 3.7 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 Receiving Agent or the Company may terminate the agreement with you to issue Ordinary Shares and, in such case, the Ordinary Shares which would otherwise have been issued to you may be issued 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 directly to the bank account from where monies were remitted at your risk;
- 3.8 agree that you are not applying on behalf of a person engaged in money laundering;
- 3.9 undertake to ensure that, in the case of an application 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;
- 3.10 undertake to pay interest at the rate described in paragraph 4 below if the remittance accompanying your Application Form is not honoured on first presentation;
- 3.11 authorise the Receiving Agent to procure that there be sent to you definitive certificates in respect of the number of Ordinary Shares for which your application is accepted or if you have completed the relevant payment method box in section 1 on your Application Form, but subject to paragraph 3.4 above, to deliver the number of Ordinary Shares for which your application is accepted into CREST, and/or to return any monies returnable without payment of interest (at the applicant's risk) directly to the bank account where monies were remitted from;
- 3.12 confirm that you have read and complied with paragraph 9 below;
- 3.13 agree that your Application Form is addressed to the Company and the Receiving Agent;
- 3.14 agree that your application must be for a whole number of Ordinary Shares and the number of Ordinary Shares issued to you will be rounded down to the nearest whole number;
- 3.15 acknowledge that the offer to the public of Ordinary Shares is being made only in the United Kingdom and represent that you are a United Kingdom resident (unless you are able to provide such evidence as the Company may, in its absolute discretion, require that you are entitled to apply for Ordinary Shares); and
- 3.16 agree that any application may be rejected in whole or in part at the sole discretion of the Company.



#### 4. ACCEPTANCE OF YOUR OFFER

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) by notifying the FCA via a Regulatory Information Service of the basis of allocation (in which case the acceptance will be on that basis).

The basis of allocation will be determined by the Company in consultation with Cenkos and the Investment Manager. The right is reserved notwithstanding the basis as so determined to reject in whole or in part and/or scale back any application. The right is reserved to treat as valid any application not complying fully with these Terms and Conditions of Application 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 Application.

Payments must be in U.S. Dollars and paid by electronic bank transfer or delivery versus payment in accordance with this paragraph 4.

Fractions of Ordinary Shares will not be issued.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 p.m. on 10 November 2020.

Should you wish to apply for Ordinary Shares by delivery versus payment method (“DVP”), you will need to match your instructions to the Receiving Agent’s Participant Account 7RA80 by no later than 1.00 p.m. on 10 November 2020, allowing for the delivery and acceptance of your Ordinary Shares to your CREST account against payment of the Issue Price in the relevant currency through the CREST system upon the relevant settlement date, following the CREST matching criteria set out in the Application Form.

The Receiving Agent may, as agent of the Company, require you to pay interest or its other resulting costs (or both) if the payment accompanying your application is not honoured on first presentation. If you are required to pay interest you will be obliged to pay the amount determined by the Receiving Agent to be the interest on the amount of the payment from the date on which all payments in cleared funds are due to be received until the date of receipt of cleared funds. The rate of interest will be the then published bank base rate of a clearing bank selected by the Receiving Agent plus 2 per cent. per annum. The right is also reserved to reject in whole or in part, or to scale down or limit, any application.

For applicants sending subscription monies by electronic bank transfer (CHAPS), payment must be made for value by no later than 1.00 p.m. 10 November 2020. Applicants should send payment to the relevant bank account as detailed on the Application Form. Applicants must ensure that they remit sufficient funds to cover any charges incurred by their bank.

The payment instruction relating to the electronic transfer must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, for example: MJ Smith 01234 567890. The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference nor where a payment has been received but without an accompanying Application Form.

Applicants choosing to settle via CREST, that is DVP, will need to match their instructions to JTC Registrars Limited’s Participant Account 7RA80, by no later than 1.00 p.m. on 10 November 2020, allowing for the delivery and acceptance of the Ordinary Shares to be made against payment of the Issue Price per Ordinary Share, following the CREST matching criteria set out in the Application Form.

## 5. CONDITIONS

The contracts created by the acceptance of applications (in whole or in part) under the Offer for Subscription will be conditional upon:

- Initial Admission occurring by 8.00 a.m. (London time) on 13 November 2020 or such later time or date as the Company, the Investment Manager and Cenkos may agree (being not later than 8.00 a.m. on 31 March 2021);
- the Placing and Offer Agreement becoming otherwise unconditional (save as to Initial Admission) and not being terminated in accordance with its terms at any time before Initial Admission; and
- the Minimum Gross Proceeds (or such lesser amount as the Company, the Investment Manager and Cenkos may agree) being raised.

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 right you may have.

## 6. RETURN OF APPLICATION MONIES

Where application monies have been 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 (at the applicants' risk) directly to the bank account where monies were remitted from. In the meantime, application monies will be retained by the Receiving Agent in a separate account.

## 7. WARRANTIES

By completing an Application Form, you:

- 7.1 undertake and 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 Application and undertake to enclose your power of attorney or other authority or a complete copy thereof duly certified by a solicitor or notary;
- 7.2 warrant, if the laws of any territory or jurisdiction outside the UK 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 Investment Manager, Cenkos or the Receiving Agent 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 of the UK in connection with the Offer for Subscription in respect of your application;
- 7.3 confirm that (save for advice received from your financial adviser (if any)) in making an application you are not relying on any information or representations in relation to the Company other than those contained in this document (on the basis of which alone your application is made) and accordingly you agree that no person responsible solely or jointly for this document or any part thereof shall have any liability for any such other information or representation;
- 7.4 agree that, having had the opportunity to read this document and the Key Information Document relating to the Ordinary Shares each in its entirety, you shall be deemed to have had notice of all information and representations contained in this document and the Key Information Document relating to the Ordinary Shares;
- 7.5 acknowledge that no person is authorised in connection with the Offer for Subscription to give any information or make any representation other than as contained in this document and, if given or made, any information or representation must not be relied upon as having been authorised by the Company, the Investment Manager, Cenkos or the Receiving Agent;

- 7.6 warrant that you are not under the age of 18 on the date of your application;
- 7.7 agree that all documents sent by post to, by, from or on behalf of the Company or the Receiving Agent, will be sent at your risk and, in the case of documents to be returned, that these may be sent to you at your address (or, in the case of joint holders, the address of the first named holder) as set out in your Application Form;
- 7.8 confirm that you have reviewed the restrictions contained in paragraph 9 below and warrant that you (and any person on whose behalf you apply) comply with the provisions therein;
- 7.9 agree that, in respect of those Ordinary 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;
- 7.10 agree that all applications, acceptances of applications and contracts resulting therefrom under the Offer for Subscription 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;
- 7.11 irrevocably authorise the Company, Cenkos or the Receiving Agent or any other person authorised by any of them, as your agent, to do all things necessary to effect registration of any Ordinary Shares subscribed by or issued to you into your name and authorise any representatives of the Company and/or Cenkos and/or the Receiving Agent to execute any documents required therefor and to enter your name on the Register;
- 7.12 agree to provide the Company with any information which it, Cenkos or the Receiving Agent 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 Money Laundering Regulations;
- 7.13 warrant that, in connection with your application, you have observed the laws of all requisite territories, obtained any requisite governmental or other consents, 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 which will or may result in the Company, the Investment Manager, Cenkos or the Receiving Agent acting in breach of the regulatory or legal requirements of any territory in connection with the Offer for Subscription or your application;
- 7.14 represent and warrant to the Company that: (i) you are not a U.S. Person, are not located within the United States and are not acquiring the Ordinary Shares for the account or benefit of a U.S. Person; (ii) you are acquiring the Ordinary Shares in an offshore transaction meeting the requirements of Regulation S; (iii) you understand and acknowledge that the Ordinary 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, transferred, delivered or distributed, directly or indirectly, into or within the United States or to, or for the account or benefit of, U.S. Persons; and (iv) you understand and acknowledge that the Company has not registered and will not register as an investment company under the U.S. Investment Company Act;
- 7.15 represent and warrant to the Company that if in the future you decide to offer, sell, transfer, assign or otherwise dispose of the Ordinary Shares, you 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, by pre-arrangement or otherwise, or (ii) to the Company or a subsidiary thereof. You understand and acknowledge that any sale, 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;
- 7.16 agree that Cenkos and the Receiving Agent are acting for the Company in connection with the Offer for Subscription 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 the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or be responsible to you for the protections afforded to their customers;

- 7.17 warrant that you are not subscribing for the Ordinary Shares using a loan which would not have been given to you or any associate or not given to you on such favourable terms, if you had not been proposing to subscribe for the Ordinary Shares;
- 7.18 warrant that the information contained in the Application Form is true and accurate; and
- 7.19 agree that if you request that Ordinary Shares are issued to you on a date other than Initial Admission and such Ordinary 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 Ordinary Shares on a different date.

## **8. ANTI-MONEY LAUNDERING**

You agree that, in order to ensure compliance with the AML Legislation and any other applicable regulations, the Receiving Agent may at its absolute discretion require verification of identity of you (the “**holder(s)**”) as the applicant lodging an Application Form and further may request from you and you will assist in providing identification of holders and payors where it appears to the Receiving Agent that a holder or the payor is acting on behalf of some other person or persons.

Any delay or failure to provide the necessary evidence of identity may result in your application being rejected or delays in crediting CREST accounts or the despatch of documents.

Without prejudice to the generality of this paragraph 8, verification of the identity of holders and payors will be required if the value of the Ordinary Shares applied for, whether in one or more applications considered to be connected, exceeds €15,000 (or the U.S. Dollar equivalent).

If, in such circumstances, the person whose account is being debited is not a holder you will be required to provide for both the holder and the payor an original or a copy of that person's passport or driving licence certified by a solicitor and an original or certified copy of the following no more than three months old, a gas, electricity, water or telephone (not mobile) bill, a recent bank statement or a council tax bill, in their name and showing their current address (which originals will be returned by post at the addressees' risk) together with a signed declaration as to the relationship between the payor and you the holder.

For the purpose of the AML Legislation a person making an application for Ordinary Shares will not be considered as forming a business relationship with the Company or the Receiving Agent but will be considered as effecting a one-off transaction with either the Company or with the Receiving Agent. Submission of an Application Form with the appropriate remittance will constitute a warranty to each of the Company and the Receiving Agent from the applicant that the AML Legislation will not be breached by the application of such remittance.

The person(s) submitting an application for Ordinary Shares will ordinarily be considered to be acting as principal in the transaction unless the Receiving Agent determines otherwise, whereupon you may be required to provide the necessary evidence of identity of the underlying beneficial owner(s). Whilst the Receiving Agent may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €15,000 (or the U.S. Dollar equivalent).

## **9. NON-UNITED KINGDOM INVESTORS**

The Offer for Subscription is only being made in the United Kingdom. If you receive a copy of this document or an Application Form in any territory other than the United Kingdom you may not treat it as constituting an invitation or offer to you, nor should you, in any event, use an Application Form unless, in the relevant territory, such an invitation or offer could lawfully be made to you or an Application Form could lawfully be used without contravention of any registration or other legal requirements. It is your responsibility, if you are outside the UK and wish to make an application for Ordinary Shares under the Offer for Subscription, to satisfy

yourself as to full observance of the laws of any relevant territory or jurisdiction in connection with your application, including obtaining any requisite governmental or other consents, observing any other formalities requiring to be observed in such territory and paying any issue, transfer or other taxes required to be paid in such territory.

None of the Ordinary Shares have been or will be registered under the laws of any Restricted Jurisdiction or with any securities regulatory authority of any state or other political subdivision of a Restricted Jurisdiction. If you subscribe for Ordinary Shares you will, unless the Company and the Receiving Agent agree otherwise in writing, be deemed to represent and warrant to the Company that you are not a resident of any Restricted Jurisdiction or a corporation, partnership or other entity organised under the laws of any Restricted Jurisdiction and that you are not subscribing for such Ordinary Shares for the account of any resident of any member state of a Restricted Jurisdiction and will not offer, sell, renounce, transfer or deliver, directly or indirectly, any of the Ordinary Shares in or into any Restricted Jurisdiction or to any person resident in a Restricted Jurisdiction. No application will be accepted if it shows the applicant, payor or a holder having an address other than in the United Kingdom.

## 10. DATA PROTECTION

- 10.1 Each applicant acknowledges that it has been informed that, pursuant to the DP Legislation, the Company and/or the Registrar will, following Initial Admission, hold personal data (as defined in the DP Legislation) relating to past and present Shareholders. Personal data will be retained on record for a period exceeding six years after it is no longer used (subject to any limitations on retention periods set out in applicable law). The Registrar will process such personal data at all times in compliance with DP Legislation and shall only process for the purposes set out in the Company's privacy notice (the "**Purposes**") which is available for consultation on the Company's website at [www.roundhillmusicroyaltyfund.com](http://www.roundhillmusicroyaltyfund.com) (the "**Privacy Notice**") which include to:
- 10.1.1 process its personal data to the extent and in such manner as is necessary for the performance of its obligations under its respective service contracts, including as required by or in connection with the applicant's holding of Ordinary Shares, including processing personal data in connection with credit and anti-money laundering checks on it;
  - 10.1.2 communicate with it as necessary in connection with its affairs and generally in connection with its holding of Ordinary Shares;
  - 10.1.3 comply with the legal and regulatory obligations of the Company and/or the Registrar; and
  - 10.1.4 process its personal data for the Registrar's internal administration.
- 10.2 Where necessary to fulfil the Purposes, the Company will disclose personal data to:
- 10.2.1 third parties located either within, or outside of the EEA, if necessary for the Registrar to perform its functions, or when it is within its legitimate interests and, in particular, in connection with the holding of Ordinary Shares; or
  - 10.2.2 its affiliates, the Registrar or the Investment Manager and their respective associates, some of which may be located outside the EEA.
- 10.3 Any sharing of personal data between parties will be carried out in compliance with the DP Legislation and as set out in the Company's Privacy Notice.
- 10.4 By becoming registered as a holder of Ordinary Shares a person becomes a data subject (as defined under DP Legislation). In providing the Registrar with information, the applicant hereby represents and warrants to the Company, the Registrar and the Administrator that: (i) it complies in all material aspects with its data controller obligations under DP Legislation and, in particular, it has notified any data subject of the Purposes for which personal data will be used and by which parties it will be used and it has provided a copy of the Company's Privacy Notice; and (ii) where consent is legally competent and/or required under DP Legislation the applicant has obtained the consent of any data subject to the Company and

the Registrar and their respective affiliates and group companies, 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).

- 10.5 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the applicant is a natural person, he or she has read and understood the terms of the Company's Privacy Notice.
- 10.6 Each applicant acknowledges that by submitting personal data to the Registrar (acting for and on behalf of the Company), where the applicant is not a natural person, it represents and warrants that:
  - 10.6.1 it has brought the Company's Privacy Notice to the attention of any underlying data subjects on whose behalf or account the applicant may act or whose personal data will be disclosed to the Company as a result of the applicant agreeing to subscribe for Ordinary Shares; and
  - 10.6.2 the applicant has complied in all other respects with all applicable DP Legislation in respect of disclosure and provision of personal data to the Company.
- 10.7 Where the applicant acts for or on account of an underlying data subject or otherwise discloses the personal data of an underlying data subject, he/she/it shall, in respect of the personal data it processes in relation to or arising in relation to the Offer for Subscription:
  - 10.7.1 comply with all applicable DP Legislation;
  - 10.7.2 take appropriate technical and organisational measures against unauthorised or unlawful processing of the personal data and against accidental loss or destruction of, or damage to, the personal data;
  - 10.7.3 if required, agree with the Company and the Registrar, the responsibilities of each such entity as regards relevant data subjects' rights and notice requirements; and
  - 10.7.4 it shall immediately on demand, fully indemnify each of the Company and the Registrar and keep them fully and effectively indemnified against all costs, demands, claims, expenses (including legal costs and disbursements on a full indemnity basis), losses (including indirect losses and loss of profits, business and reputation), actions, proceedings and liabilities of whatsoever nature arising from or incurred by the Company and/or the Registrar in connection with any failure by the applicant to comply with the provisions set out above.

## **11. MISCELLANEOUS**

To the extent permitted by law, all representations, warranties and conditions, express or implied and whether statutory or otherwise (including, without limitation, pre-contractual representations but excluding any fraudulent representations), are expressly excluded in relation to the Ordinary Shares and the Offer for Subscription.

The rights and remedies of the Company, the Investment Manager, Cenkos, the Registrar and the Receiving Agent under these Terms and Conditions of Application 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.

The Company reserves the right to extend the closing time and/or date of the Offer for Subscription from 1.00 p.m. on 10 November 2020. In that event, the new closing time and/or date will be notified to applicants.

The Company may terminate the Offer for Subscription in its absolute discretion at any time prior to Initial Admission. If such right is exercised, the Offer for Subscription will lapse and any monies will be returned as indicated without interest.

You agree that Cenkos and the Receiving Agent are acting for the Company in connection with the Initial Issue and for no-one else, and that neither Cenkos nor the Receiving Agent will treat you as its customer by virtue of such application being accepted or owe you any duties concerning the price of the Ordinary Shares or concerning the suitability of the Ordinary Shares for you or otherwise in relation to the Initial Issue or for providing the protections afforded to their customers.

Save where the context requires otherwise, terms used in these Terms and Conditions of Application bear the same meaning as set out in Part 8 of this document.

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**APPENDIX**  
**APPLICATION FORM**

For official use only

Application form for the Offer for Subscription

**ROUND HILL MUSIC ROYALTY FUND LIMITED**

**Important:** before completing this form, you should read the accompanying notes.

To: Round Hill Music Royalty Fund Limited

**1 Application**

I/We the person(s) detailed in section 2 below offer to subscribe for the amount shown in the box in section 1 subject to the Terms and Conditions set out in Part 10 of the Prospectus dated 19 October 2020 and subject to the Articles of Incorporation of the Company.

In the box in this section 1 (write in figures, the aggregate value, at the Issue Price (being U.S.\$1.00 per Ordinary Share), of the Ordinary Shares that you wish to apply for – a minimum of U.S.\$1,000 and thereafter in multiples of U.S.\$100).

**Payment Method** (Tick appropriate box)

Bank transfer

CREST Settlement (DvP)

**2 Details of Holder(s) in whose name(s) Ordinary Shares will be issued (BLOCK CAPITALS)**

Mr, Mrs, Miss or Title.....  
Forenames (in full) .....  
Surname/Company Name .....  
Address (in full) .....  
Designation (if any) .....  
Date of Birth .....

Mr, Mrs, Miss or Title.....  
Forenames (in full) .....  
Surname.....  
Date of Birth .....

Mr, Mrs, Miss or Title.....  
Forenames (in full) .....  
Surname.....  
Date of Birth .....

Mr, Mrs, Miss or Title.....  
Forenames (in full) .....  
Surname.....  
Date of Birth .....



### 3 CREST details

(Only complete this section if Ordinary Shares allotted are to be deposited in a CREST Account which must be in the same name as the holder(s) given in section 2).

CREST Participant ID: 

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CREST Member Account ID: 

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### 4 Signature(s) all holders must sign

Execution by individuals:

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 here:		Affix Company Seal here:	

### 5 Settlement details

#### (a) Bank transfer

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 1.00 p.m. on 10 November 2020 directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, **for example**, MJ SMITH 01234 567 8910.

Bank Name: Barclays Bank Plc (New York Branch)  
 Registered Address: 745 Seventh Avenue, New York, NY 10019  
 ABA Routing No: 026002574  
 SWIFT Code: BARCUS33  
 Account No: 050701444  
 Account Name: **JTC REGISTRARS LTD-CLT PYMT ACC**

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted in section 2 of the Application Form and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds will also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned & emailed to [registrars@jtcgroup.com](mailto:registrars@jtcgroup.com). Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

**Please Note** – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying Application Form.

(b) *CREST Settlement*

If you so choose to settle your application within CREST, that is by DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share using the CREST matching criteria set out below:

Trade date:	11 November 2020
Settlement date:	13 November 2020
Company:	<b>ROUND HILL MUSIC ROYALTY FUND LIMITED</b>
Security description:	Ordinary Shares of no par value
SEDOL:	BMXNVC8
ISIN:	GG00BMXNVC81
CREST message type:	DEL

Should you wish to settle by DVP, you will need to input your CREST DEL instructions to JTC Registrar's Participant Account 7RA80 by no later than 1.00 p.m. on 10 November 2020.

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.

Applicants wishing to settle by DVP will still need to complete and submit a valid Application Form by the 1.00 p.m. on 10 November 2020 deadline. You should tick the relevant payment method box in section 1.

Note: JTC Registrars Limited will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant. No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.



**6 Anti-money Laundering**

Anti-money laundering checks are required by law to be performed on certain financial transactions. The checks are undertaken to make sure investors are genuinely who they say they are and that any application monies have not been acquired illegally or that JTC Registrars Limited itself is not being used as part of criminal activity, most commonly the placement, layering and integration of illegally obtained money.

Whilst JTC Registrars Limited may carry out checks on any application, they are usually only performed when dealing with application values above a certain threshold, commonly referred to as the anti-money laundering threshold which is €15,000 (or U.S. Dollar equivalent).

JTC Registrars Limited will make enquiries to credit reference agencies to meet its anti-money laundering obligations and the applicant may be required to provide an original or certified copy of their passport, driving licence and recent bank statements to support such enquiries. Anti-money laundering checks do not mean the investor is suspected of anything illegal and there is nothing to worry about.

The checks made at credit reference agencies leave an 'enquiry footprint' – an indelible record so that the investor can see who has checked them out. The enquiry footprint does not have any impact on their credit score or on their ability to get credit. Anti-Money Laundering Checks appear as an enquiry/soft search on the investors credit report. The report may contain a note saying "Identity Check to comply with Anti Money Laundering Regulations"

**7 Contact details**

To ensure the efficient and timely processing of this application please enter below the contact details of a person the Company (or any of its agents) may contact with all enquiries concerning this application. If no details are provided this may delay obtaining the additional information required and may result in your application being rejected or revoked.

E-mail address
Telephone No

**8 Queries**

If you have any queries on how to complete this form or if you wish to confirm your final allotment of Ordinary Shares, please call the Receiving Agent help line on 01481 711301. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 am – 5.00 pm, Monday to Friday excluding public holidays in England and Wales. Different charges may apply to calls from mobile telephones and calls may be recorded and randomly monitored for security and training purposes. The helpline cannot provide advice on the merits of Subscribing for Ordinary Shares nor give any financial, legal or tax advice.

## Notes on how to complete the Offer for Subscription Application Form

**Applications should be returned so as to be received by JTC Registrars Limited no later than 1.00 p.m. on 10 November 2020.**

**Helpline:** If you have a query concerning the completion of this Application Form, please telephone the Receiving Agent on 01481 711301. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5.00 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that the Receiving Agent cannot provide any financial, legal or tax advice and calls may be recorded and monitored for security and training purposes.

### 1 Application

Fill in (in figures) in the box in section 1 the aggregate value, at the Issue Price (being U.S.\$1.00 per Ordinary Share), of the Ordinary Shares being subscribed for. The value must be a minimum of U.S.\$1,000, and thereafter in multiples of U.S.\$100.

Financial intermediaries who are investing on behalf of clients should make separate applications for each client.

### 2 Payment method

Mark in the relevant box in section 1 to confirm your payment method, i.e. bank transfer or settlement via CREST.

### 3 Holder details

Fill in (in block capitals) the full name(s) of each holder and the address of the first named 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. A maximum of four joint holders is permitted. All holders named must sign the Application Form in section 4.

### 4 CREST

If you wish your Ordinary Shares to be deposited in a CREST account in the name of the holders given in section 2, enter in section 3 the details of that CREST account. Where it is requested that Ordinary Shares be deposited into a CREST account, please note that payment for such Ordinary Shares must be made prior to the day such Ordinary Shares might be allotted and issued, unless settling by DVP in CREST.

### 5 Signature

All holders named in section 2 must sign section 4 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.

### 6 Settlement details

#### (a) Bank transfer

For applicants sending subscription monies by electronic bank transfer (CHAPs), payment must be made for value by 1.00 p.m. on 10 November 2020 directly into the bank account detailed below. The payment instruction must also include a unique reference comprising your name and a contact telephone number which should be entered in the reference field on the payment instruction, **for example**, MJ SMITH 01234 567 8910.

Bank Name:	Barclays Bank Plc (New York Branch)
Registered Address:	745 Seventh Avenue, New York, NY 10019
ABA Routing No:	026002574
SWIFT Code:	BARCUS33



Account No: 050701444

Account Name: **JTC REGISTRARS LTD-CLT PYMT ACC**

Electronic payments must come from a UK bank account and from a personal account in the name of the individual applicant where they have sole or joint title to the funds. The account name should be the same as that inserted in section 2 of the Application Form and payments must relate solely to your Application. You should tick the relevant payment method box in section 1. It is recommended that such transfers are actioned within 24 hours of posting your application.

Evidence of the source of funds will also be required. Typically this will be a copy of the remitting bank account statement clearly identifying the applicant's name, the value of the debit (equal to the application value) and the crediting account details or application reference. A photocopy of the transaction can be enclosed with your application or a pdf copy can also be scanned & emailed to [registrars@jtcgroup.com](mailto:registrars@jtcgroup.com). Photographs of the electronic transfer are not acceptable.

Any delay in providing monies may affect acceptance of the application. If the Receiving Agent is unable to match your application with a bank payment, there is a risk that your application could be delayed or will not be treated as a valid application and may be rejected by the Company and/or the Receiving Agent.

**Please Note** – you should check with your bank regarding any limits imposed on the level and timing of transfers allowed from your account (for example, some banks apply a maximum transaction or daily limit, and you may need to make the transfer as more than one payment).

The Receiving Agent cannot take responsibility for correctly identifying payments without a unique reference or where a payment has been received but without an accompanying Application Form.

*(b) CREST settlement*

The Company will apply for the Ordinary Shares issued pursuant to the Offer for Subscription in uncertificated form to be enabled for CREST transfer and settlement with effect from Admission (the "**Relevant Settlement Date**"). Accordingly, settlement of transactions in the Ordinary Shares will normally take place within the CREST system.

The Application Form contains details of the information which the Company's Receiving Agent, JTC Registrars Limited, 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 JTC Registrars Limited to match to your CREST account, JTC Registrars Limited will deliver your Ordinary Shares in certificated form provided payment has been made in terms satisfactory to the Company.

The right is reserved to issue your Ordinary Shares in certificated form should the Company, having consulted with JTC Registrars Limited, 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 of JTC Registrars Limited in connection with CREST.

The person named for registration purposes in your Application Form must be: (a) the person procured by you to subscribe for or acquire the Ordinary Shares; or (b) yourself; or (c) a nominee of any such person or yourself, as the case may be. Neither JTC Registrars Limited 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. You will need to input the DVP instructions into the CREST system in accordance with your application. The input returned by JTC Registrars Limited of a matching or acceptance instruction to our CREST input will then allow the delivery of your Ordinary Shares to your CREST account against payment of the Issue Price through the CREST system upon the Relevant Settlement Date.

By returning your 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 Ordinary Shares to be made prior to 1.00 p.m. on 10 November 2020 against payment of the Issue Price in respect of the Ordinary Shares you are applying for. Failure by you to do so will result in you being charged interest at the rate of two percentage points above the then published bank base rate of a clearing bank selected by JTC Registrars Limited.

If you so choose to settle your application within CREST, that is by DVP, you or your settlement agent/custodian's CREST account must allow for the delivery and acceptance of Ordinary Shares to be made against payment of the Issue Price per Ordinary Share using the following CREST matching criteria set out below:

Trade date:	11 November 2020
Settlement date:	13 November 2020
Company:	<b>ROUND HILL MUSIC ROYALTY FUND LIMITED</b>
Security description:	Ordinary Shares of no par value
SEDOL:	BMXNVC8
ISIN:	GG00BMXNVC81
CREST message type:	DEL

Should you wish to settle by DVP, you will need to input your CREST DEL instructions to JTC Registrars Limited's Participant Account 7RA80 by no later than 1.00 p.m. on 10 November 2020.

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.

Applicants wishing to settle by DVP will still need to complete and submit a valid Application Form by the 1.00 p.m. on 10 November 2020 deadline. You should tick the relevant payment method box in section 1.

Note: JTC Registrars Limited will not take any action until a valid DEL message has been alleged to the Participant Account by the applicant.

No acknowledgement of receipt or input will be provided.

In the event of late/non settlement the Company reserves the right to deliver Ordinary Shares outside of CREST in certificated form provided that payment has been made in respect of the Ordinary Shares applied for in terms satisfactory to the Company and all other conditions of the Offer for Subscription have been satisfied.



