RNS Number : 4535N
Round Hill Music Royalty Fund Ltd
30 September 2021

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ROUND HILL MUSIC ROYALTY FUND LIMITED
("RHM" or the "Company")

Legal Entity Identifier: 213800752UO1CJTV8C39

INTERIM FINANCIAL REPORT
For the period from incorporation on 5 August 2020 to 30 June 2021

The Board of Round Hill Music Royalty Fund , a London Stock Exchange listed investment company that aims to provide investors with an attractive level of regular and growing income and capital returns from investment primarily in high quality, music intellectual property, is pleased to announce the Company's first set of interim financial results for the period ended 30 June 2021.

Operational Highlights

- As at 30 June 2021, the Company had invested approximately US$342 million through the acquisition of 38 Catalogues and a 29.1% investment in RH Carlin Holdings LLC.
- Acquisitions completed at a blended multiple of 16.2x historic annual net revenues.
- The portfolio of Copyrights includes:
  - >118k compositions;
  - >750 master recordings;
  - Approximately 75% of the compositions are older than 20 years; and
  - Rich mixture across artists, genres, vintages and income composition.

Financial Highlights

- Economic NAV Total Return increased by 10% to US$1.07 since inception.
- Economic NAV as at the period end of US$352.6million representing an Economic NAV per Ordinary Share of US$1.07.
- The value of the Catalogues (including the investment in Carlin), as determined by the independent valuer, increased by US$31.6m to US$373.5m.
- Company had utilised approximately US$32 million of the revolving credit facility, leaving approximately US$50 million undrawn.
- Revenue from the portfolio of US$17.3 million.
  - Company declared and paid dividends of US$2.5 million.

Highlights after period end

- On 16 July 2021, Company successfully raised an additional US$86.5 million pursuant to the placing of 86,500,000 C Shares at an issue price of US$1.00 per C Share.
- On 20 August 2021, the Company announced a second quarterly dividend of US$0.01125 per Ordinary Share.
- The Company continues to acquire high quality catalogues including:
  - 11 August 2021, music publishing catalogue from Yes guitarist and prolific film composer, Trevor Rabin;
  - 9 September 2021, the master royalty income of Dennis Elliot, the original drummer of rock group Foreigner;
  - 15 September 2021, the recorded music income and publishing rights to 30 songs from Tim Palmer covering tracks from the Pearl Jam album "Ten" and Ozzy Osbourne's album "Down to Earth"; and
  - 28 September 2021, 100% of the master royalty income of 532 original recordings from the iconic American classic R&B group, The O'Jays.

Trevor Bowen, Chair of Round Hill Music Royalty Fund, commented:

"On behalf of the Board, I am pleased to announce the Company's maiden set of results for the period from incorporation to 30 June 2021. The Company has made excellent progress deploying the proceeds of the IPO and completing two further successful capital raises. The Company has generated a 10% Economic NAV Total Return for shareholders since inception. We would like to thank our shareholders for their continued support and we look forward to updating shareholders on the Investment Manager's near term opportunities of income generating acquisitions backed by the royalty rights to timeless music."

Josh Gruss, Chairman and CEO of Round Hill, the Company's investment manager, commented:

"The Round Hill team is delighted with a highly successful period since IPO. During that time we have made great progress in building a world class portfolio including rights to timeless tracks of exceptional quality that are diversified by geography, genre and vintage. We are pleased to provide investors with an opportunity to invest in music they know and love whilst generating stable, long term income. We look forward to keeping the market up to date with our latest acquisition opportunities."

Results presentation today

There will be a presentation for sell side analysts at 1.00pm BST today. Please contact Buchanan for details on roundhillmusic@buchanan.uk.com.

FOR FURTHER INFORMATION

Round Hill

Josh Gruss, Chairman and CEO	via Buchanan below
Neil Gillis, President	
Steve Clark, COO	

Cenkos
Sales:
Justin Zawoda-Martin +44 20 7397 1923
Daniel Balabanoff +44 20 7397 1909
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James King +44 20 7397 1913
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Charles Ryland +44 20 7466 5107
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Hannah Ratcliff +44 20 7466 5102

Notes:

Unless the context otherwise requires, capitalised terms used in this announcement have the meanings in the Prospectus.

The Company is a non-cellular Guernsey company. 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. 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) together with all such rights and assets considered by its investment manager, Round Hill Music LP ("Round Hill"), to be ancillary thereto.

Founded in 2010, Round Hill is a fully integrated owner and operator of music copyright properties and the sixth largest music publishing company in the US. Headquartered in New York with additional offices in Nashville, Los Angeles and London, Round Hill has an experienced management and investment team with an established reputation and extensive experience in the music and finance industries.

COMPANY OVERVIEW

Round Hill Music Royalty Fund Limited ("**RHMRFL**" or the "**Company**") is a Guernsey company incorporated on 5 August 2020. The Company is domiciled in Guernsey and is tax resident in the United Kingdom. The Company is also registered with the GFSC as a closed-ended investment scheme pursuant to the POI Law and the Registered Collective Investment Scheme Rules 2018.

Pursuant to the Company's Prospectus dated 19 October 2020, as amended by the Supplementary Prospectus dated 3 November 2020 (together the "**Prospectus**"), the Company offered its Ordinary Shares for issue by means of a placing and offer for subscription, raising US$282 million through the issue of Ordinary Shares at an issue price of US$1.00 each ("**Issue Price**"). The Company's Ordinary Shares were admitted to trading on the SFS of the London Stock Exchange on 13 November 2020.

On 16 December 2020, the Company announced it had raised a further US$46.561 million from a placing of 46,100,000 Ordinary Shares. The Company announced it had issued an additional 2,000,000 Ordinary Shares at an issue price of US$1.00 per Ordinary Share, pursuant to a placing under the Placing Programme, on 3 June 2021. These additional Ordinary Shares were admitted to trading on the SFS on 7 June 2021.

Subsequent to the interim period ended 30 June 2021, the Company successfully raised gross proceeds of US$86.5 million pursuant to the placing of 86,500,000 C Shares at an issue price of US$1.00 per C Share under the Placing Programme. The C Shares were admitted to trading on the SFS on 20 July 2021.

The Company's total issued share capital currently consists of 330,100,000 Ordinary Shares and 86,500,000 C Shares.

On 22 September 2021, a third subsidiary RHMRF3 Limited, was incorporated in the United Kingdom to hold certain Company assets.

Investment Objective and Policy

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.

In order to achieve its Investment Objective, the Company invests in 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 will invest predominantly in classic, older Copyrights with enduring appeal and which experience consistent usage. Such compositions have generally reached a steady state of earnings, 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 films, 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% 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% 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 derived from the Company's investments will be derived from the royalty streams. However, the Company 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 in the Company. 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 Company Shareholder approval, acquire Copyrights and Catalogues from the Investment Manager, parties related to the Investment Manager and funds managed by the Investment Manager.

Dividend Policy

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.

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.

The Company targets an annualised dividend yield for Ordinary Shares of 4.5% by reference to the Issue Price of US$1.00 per Ordinary Share. The Company is targeting a net total Shareholder return of 9% to 11% per annum over the medium to long term.

Holders of any class of C Shares are 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. However, in relation to the 86,500,000 C Shares issued by the Company in July 2021, the Directors do not envisage paying a dividend. All income attributable to the C Shares will be accrued and form part of the C Share net asset value for purposes of the C Share conversion calculation. 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.

Dividends will always be subject to compliance with the solvency test prescribed by the Companies Law and, in accordance with regulation 19 of the UK Investment Trust (Approved Company) (Tax) Regulations 2011, the Company will not (except to the extent permitted by those regulations) retain more than 15% of its income (as calculated for UK tax purposes) in respect of an accounting period.

The Company's first dividend, which did not include royalty income from the acquisition of the 29.14% interest in RH Carlin Holdings LLC, of US$0.0075 per Ordinary Share was announced on 24 May 2021 and fully paid by 10 June 2021. The second dividend of US$0.01125 per Ordinary Share was announced on 20 August 2021 and paid by 6 September 2021.

CHAIRMAN'S STATEMENT

This marks Round Hill Music Royalty Fund Limited's first interim report since being admitted to the SFS, covering the period from incorporation to 30 June 2021. The music market has grown considerably in the initial interim period. The adoption of streaming shows no sign of slowing down, vinyl record sales have reached levels not seen since the 1980s, and live events have started to return since COVID-19 shut down most venues.

INVESTMENTS

On 2 February 2021, the Board announced the Company's acquisition of the identified Pipeline Investments as detailed in the Prospectus by way of a two-step process. The first step comprised the acquisition of the assets of Round Hill Music Royalty Fund LP, excluding its shareholding in RH Carlin Holdings LLC ("**Carlin**") (the "**First Investment**") which was completed on 1 February 2021. The total cash consideration paid by the Company in respect of the First Investment was US$281,860,320 which represented approximately 86% of the gross proceeds raised in the Company's IPO and subsequent placing.

On 4 May 2021, the Board announced the completion in April 2021 of the second step and the acquisition of a 29.14% interest in Carlin from Round Hill Music Royalty Fund LP (the "**Second Investment**"). The consideration for both the First Investment and the Second Investment represented the independent valuation of the assets as at 30 June 2020. At this point, the Company had successfully invested the capital raised in the IPO and subsequent placing.

On 7 June 2021, Josh Gruss acquired a further 2,000,000 Ordinary Shares at US$1.00 per Ordinary Share, of which 950,000 Ordinary Shares were donated to the Berklee College of Music in Boston, USA to support a Round Hill scholarship for students, and 50,000 Ordinary Shares were donated to the National Museum of African American Music in Nashville, USA.

In July 2021, the Company raised an additional US$86.5 million in a C Share placing against a minimum target of US$50 million. Earmarked to assist in the acquisition of near-term pipeline investments, this additional support will be used to further the Company's ambition of investing in music royalties with proven track records. The Company has recently announced the acquisition of the publishing Catalogue of the prolific film score composer and Yes guitarist Trevor Rabin, 100% of the master royalty income from Dennis Elliot, the original drummer of the rock group Foreigner, and certain rights to publishing and recorded music of Tim Palmer to give exposure to Pearl Jam and Ozzy Osbourne, and 100% of the master royalty income in a Catalogue of 532 recordings by the R&B group, The O'Jays.

The Company's global pipeline remains strong and includes Grammy nominees, Ivor Novello award winners and inductees of the Rock & Roll Hall of Fame. With over 250 million album equivalent sales to date, these Catalogues are expected to be accretive to portfolio returns.

REVOLVING CREDIT FACILITY

During the period, the Company entered into a new US$82.0 million revolving credit facility (the " **RCF**"), provided by Truist Securities, Inc. ("**Truis**t"). The RCF allows the Company to borrow up to 25% of Economic NAV, calculated at the point of draw down. The term of the RCF is 5 years and the borrowing margin is 225bps over the relevant reference rate and a non-utilisation charge of 37.5bps**.** As at 30 June 2021, the Company had US$9.5 million of cash on hand and US$50 million of undrawn credit facility.

PERFORMANCE

Since inception, the Company's Ordinary Share price has traded consistently between US$1.01 and US$1.07. As at 30 June 2021, the Economic NAV per Ordinary Share was US$1.07 and the IFRS NAV per Ordinary Share was US$0.97. At the same date, the Ordinary Shares were trading at US$1.07, which is a 10% premium to the IFRS NAV per Ordinary Share.

DIVIDENDS

The Company has declared and paid two dividends so far in 2021, totalling US$0.01875 per Ordinary Share, paid in quarterly instalments: US$0.0075 per Ordinary Share in June 2021 and US$0.01125 per Ordinary Share in September 2021. The Company anticipates paying the holders of the Ordinary Shares an annualised dividend of 4.5%, by reference to the IPO Issue Price of US$1.00 per Ordinary Share, for the financial period to 31 December 2021.

OUTLOOK

Around the world, consumers are not only embracing music as a way of coping with the stress caused by COVID-19, but are also using it as a medium to look forward. Live events are on the horizon, bars and nightclubs are slowly opening, studios are back in production mode and crowds are increasing at sporting events. Music consumption is at an all-time high around the world; Spotify reported that premium subscribers totalled 165 million at the end of H1 2021, a 20% increase on 2020, as well as a 22% increase in advertising-supported users, which now total 365 million. Additionally, in early September 2021, YouTube announced that its platform reached 50 million Music and Premium subscribers, which is a 20 million increase in subscribers since December 2020. As Spotify, YouTube and other streaming offers continue to gain subscribers in the coming years, these new methods of music consumption are expected to be bolstered by increased consumer interest and usage in music-centric apps like TikTok.

With such attention on the music industry, the Company has a significant appetite for growth and has built up a strong medium-term pipeline of investment opportunities. The Board and the Investment Manager will continue to work toward ensuring the implementation and successful execution of the Company's investment strategy to deliver strong returns for Shareholders. As we look to the next six months, I would like to thank our Shareholders, my Co-Directors, our Investment Manager and our many partners.

The music industry continues to be an important part of the world, with more people listening to music than ever before across a variety of mediums. The Company is and will continue to be a beneficiary of this trend.

Thank you,

Trevor Bowen

Chairman
29 September 2021

INVESTMENT MANAGER'S REPORT

INTRODUCTION FROM JOSH GRUSS

It is with great pleasure that we present to you our first period report for the Company as a publicly traded company with a successful initial public offering, two additional placings and a C Share fund raise. This report marks the initial steps towards the Company's ultimate goal of developing reliable, consistent, growing cash flow streams from a diversified portfolio of music royalties.

The Catalogues we acquired and develop for the Company are only as valuable as our ability to collect the royalties they earn. We are not passive managers of these assets. The Investment Manager has 65 devoted staff working to monetise and process royalties swiftly and accurately. Our divisions include Zync, Round Hill Records, Round Hill Nashville, Sound Hill and Sienna Studios, and are all key contributors towards the Board's goal to generate incremental royalty income and attract songwriters and artists as future investment opportunities. The Company is much more than a Catalogue acquisition vehicle, it is a creative partner for the careers of songwriters and artists.

As the Investment Manager, we are proud to manage the Company's robust Catalogues of evergreen songs. These are songs that have consistently stood the test of time, with more than 75% of the Company's revenue coming from titles released more than 20 years ago. These are marquee titles, with 33 of Rolling Stone magazine's *500 Greatest Songs of all Time* featured in the Company's portfolio. To add to the significance of the Company's portfolio, over 93% of the Rolling Stone Magazine's list is comprised of songs which are over 10 years' old. Although the portfolio is predominantly Catalogue based, the Company owns a selection of the most important hits of today, with 9% of revenue coming from titles released in the late 2010s.

The Company is committed to investment diversification across artist, genre, decade, and income type. Master recordings and neighbouring rights are more heavily exposed to streaming growth, so it is fitting that the Company's investment strategy to date provides a 25% exposure to masters.

As investment interest in the music space increases, the Company has no shortage of pipeline opportunities to consider. However, it is important to exercise discipline around valuation and sensible growth. With guidance from the Investment Manager, the Company will not chase opportunities where valuations are either considered too high or they do meet the rigorous quality criteria.

RHM are committed to transparency in our reporting and will continue to share the results of investments at a granular level on the Company's website. Growth and cash flow assumptions can be viewed in a similar manner. Occasionally the seller of Copyrights will request financial confidentiality which can restrict some information the Company and RHM would otherwise like to disclose. When this occurs, we will seek to consolidate this information with other transactions to ensure there is transparency on a consolidated basis.

All of this sits on the backdrop of the COVID-19 pandemic. Music is emotive and has enjoyed mass consumption as the world retreated during the pandemic. Industry collections and market research indicate that the growth in music consumption (and the revenue generation thereof) is set to continue.

On behalf of the Investment Manager, I would like to thank all of the Company's investors, the Board for achieving a successful IPO and three subsequent share issues, and to the songwriters and artists whose output we represent.

Josh Gruss, Founder, CEO and Chairman - Round Hill Music L.P.

PORTFOLIO OVERVIEW

With unique assets spanning 39 Catalogues, the Company has, and continues to display, strength through the diversity of its portfolio.

The Company's core repertoire focus has always been in catalogues. With such a large body of repertoire, the Company is a "must-have" whenever digital service providers (DSPs) want to go to market with new applications for consumers to listen to or engage with music.

PORTFOLIO COMPOSITION

At present, the 39 managed Catalogues represent the Copyrights of >118k compositions, bolstered by recorded music Catalogues containing >750 master recordings. These Catalogues represent a rich mixture across artists, genres, vintages and income composition.

- With families trapped at home during the pandemic, the children's music of **Adage V** saw upticks in both performance and sync as partners looked deeper into Catalogues for "new" old content to share.
- The **Andreas Carlsson** Catalogue remains a prominent feature across the "best of" pop songs lists, which is why we see new sync opportunities arising, for example on the likes of "I Want it that Way" and "Bye Bye Bye".
- NPS from the **Arthouse** Catalogue has doubled in the last two years thanks to the performance of Bruno Mars compositions around the world.
- Given the social and political landscape of the United States, it's not surprising to think that partners are actively looking for syncs that call out America, which is why **Charlie Midnight**'s "Living in America" has continued to drive opportunities for the Catalogue.
- A biographical film, *The United States vs Billie Holiday* has driven a great deal of excitement around the Billie Holiday recording catalogue and, in turn, the **Gerald Marks** Catalogue. With the compositions "Strange Fruit" and "All of Me" predominantly featured in the film, the Company stands to benefit not only from placement fees, but also from the long-term impact of viewers of the film adding the titles to his or her personal playlists.
- Commonly associated with the 'Four Horseman' songwriting supergroup, the **Marti Frederiksen** Catalogue stands strong on its own. A common collaborator of Carrie Underwood, the Catalogue saw consistent uplifts in mechanicals over the last 12 months on the coattails of her two most recent studio albums released in September 2020 and March 2021.
- When it comes to alternative rockers **Spacehog**, the Company benefits not only from the publishing rights but also from master recordings, allowing the ability to secure and administer a wide variety of opportunities. The ability to track down unclaimed royalties lying dormant at societies around the world, is revenue generation that has proved fruitful, when sync revenue dating back to 2018 was recently identified at The Society of Composers, Authors and Music Publishers of Canada ("**SOCAN**"). The 1990s rock radio "In the Meantime" is a recent placement in the Kelsey Grammar comedy *The Space Between*, which earned the catalogue an additional US$20,000 in licence fees.
- With 80 chart toppers in the UK and 143 in the US, the **Eddie Holland** Catalogue has been a regular top performing Catalogue. In recent years, the Catalogue's performance has been closely tied to Broadway; and despite the theatre lights being temporarily dimmed due to the COVID-19 pandemic, the Catalogue's revenue has remained steady in 2020, and is expected to show growth in 2021.
- The **Josh Kear** Catalogue is home to one of the Company's biggest hits, "Need You Now", which was popularised by Lady A (formerly Lady Antebellum) and is currently 9x platinum (by the Recording Industry Association of America). With the growth in streaming, however, the title is expected to be certified 10x platinum by the end of calendar 2021.
- The **Ted Nugent** Catalogue contains the classic rock staples "Strangehold" and "Cat Scratch Fever". An increase in television reruns during the pandemic, has generated incremental performance income on "Cat Scratch Fever", used in the trailer for *Minions: The Rise of Gru*.
- **Eric Carmen's** classic hit "All By Myself" struck close to home for many during the pandemic. This song has always been a fixture for sync opportunities but has taken on new meaning when featured across the likes of an Expedia campaign. Additionally, mechanicals for the Raspberries, "Go all the Way" have also increased since the onset of the pandemic, as Marvel fans enjoyed streaming both the *Guardians of the Galaxy* film and *Awesome Mix Vol 1* soundtrack during confinements.
- A staple of the alternative rock scene since the 1990s, **The Offspring** Catalogue is arguably Round Hill's highest profile artist deal. Securing the publishing rights and master recordings for an act that holds the record for the bestselling independent album of all time is a long-term investment in a band that shows no signs of slowing down. Since 2020, the band has released multiple singles, including a cover of "Christmas (Baby Please Come Home)" and a song tied into the Netflix series *Tiger King* - and most recently, the #1 selling Billboard Top Alternative Album hit "Let The Bad Times Roll". With the band resuming its touring schedule at the end of 2021, the Company will see not only an uptick in performance income, but increased streaming mechanical usage, as fans revisit the Catalogue in the coming months.

Carlin - 100 Years of Music

Carlin Music is regarded internationally as one of the most iconic and respected Catalogues in music publishing. Since acquiring an indirect interest in the Catalogue in April 2021, it has formed the backbone of the Company's assets. Unlike newer repertoire in the music space which is typically co-written by many creators and therefore involves many different rights owners, the majority of the songs in the Carlin Catalogue are 100% owned and controlled by RH Carlin Holdings LLC, in which the Company holds its 29.14% interest. This gives enormous leverage in the licensing space as licensees do not have to go to many rights owners to obtain clearances for music usage; the ability to offer a one-stop-shop for music usage is a commercial positive for future exploitation and revenue growth.

From Elvis Presley to the Kinks, classics songs like "What a Wonderful World" and the Muppet's Theme "Mah Na Mah Na" to Jim Steinman's output "Total Eclipse of the Heart" and Meat Loaf's biggest songs, the Carlin Catalogue continues to be at the forefront of many pitching and licensing opportunities, while carrying significant leverage when negotiating with digital service providers and participating in settlements.

Also, because of Round Hill's recording artist deals - directly and via Zync - Carlin classics are being discovered by new generations for the first time, with new masters being created for use by the sync teams.

While music consumption is at an historic all-time high, it is no surprise that Spotify has created its "Billions Club" playlist. Even though the Company is actively seeking out new Catalogue opportunities, it is already represented on the playlist, with both "Meant to Be" as recorded by Bebe Rexha featuring Florida Georgia Line and "Just the Way You Are" as recorded by Bruno Mars.

Frontline strength isn't just determined by placement on Spotify; the Company's rich community of Nashville writers are some of the most recognised chart toppers in Country music. In 2020, Jimmy Robbins and Craig Wiseman were recognised with ASCAP Awards, while Brad Warren, Brett Warren and Tyler Hubbard were recognised with BMI Awards.

FINANCIAL REVIEW

Since inception, the Ordinary Share price has traded consistently between US$1.01 and US$1.07. As at 30 June 2021, the Economic NAV per Ordinary Share was US$1.07 and the IFRS NAV per Ordinary Share was US$0.97. At the same date the Ordinary Shares were trading at US$1.07, which is a 10% premium to the IFRS NAV per Ordinary Share.

SETTLEMENTS AND LICENCES

The Company continues to exploit licensing opportunities in respect of new digital media platforms which have quickly become a dominant and constantly evolving mode of music consumption. Each new platform represents a new royalty opportunity.

A number of new platforms have launched prior to seeking out relevant music licences. In such instances, the approach taken is to litigate, where necessary, to reach a settlement for past unauthorised music usages prior to negotiating and putting in place appropriate multi-year licences for prospective uses. Over the past year, settlements and licences have been agreed with TikTok and Triller.

Industry-wide collective administration of digital exploitation continues to be a challenge due to the ever-increasing volumes of data exchange. Solutions continue to evolve and develop at both a national and regional level around the world, with a notable initiative emerging in the USA in January 2021 called the Mechanical Licensing Collective ("**MLC**"), as a result of the passage of the landmark Music Modernization Act. In February 2021 it was announced that audio only digital streaming services such as Spotify, Apple and Amazon had paid US$424.4 million into the MLC in the form of unmatched royalties correlating to unpaid digital streams, which have accumulated over time in the USA. Through metadata management and proper claiming, this sum is expected to be processed and paid to rights owners in the next year, some of which will be allocated across Catalogues owned by the Company.

SYNC AND CREATIVE

While some firms in the investment space look at music as a source of passive income, the Company believes that one element of maximising returns is to work a catalogue by seeking out incremental opportunities. The section below provides some background on the different divisions within the Company's Investment Manager, to highlight how incremental value is being added to positive work and appropriately exploit the Company's assets.

ADVERTISING

On 28 July 2021, The Consumer Conference Board reported that consumer confidence in July rose to the highest level since February 2020. Although short-term outlooks did not waver given the varied response to COVID-19 across markets, the average American consumer expects that business conditions, job outlook and personal financial prospects will continue to improve and as long as consumers are spending, so will advertisers.

Advertisers are helping to expose the Company's classic repertoire to audiences. A cover of Eric Carmen's "All by Myself" is currently featured on the latest Expedia advertisements featuring comedian Rashida Jones for which a fee of US$265,000 was achieved. The Hollies' "Long Cool Woman in a Black Dress" was used in this year's Jimmy Johns' advertisement for US$100,000 and debuted during Super Bowl LV.

The pandemic pushed many to switch from using public transport to using for their own vehicles, and advertisers have taken notice. "Aymo" as recorded by Gramatik was originally featured in a Porsche advertisement that first aired during Super Bowl LIV, but was just renewed for a second year at US$72,500. The Turtles' "Happy Together" is being used in a Toyota Hybrid commercial out of the UK for £250,000. The Thiele & Weiss classic "What a Wonderful World" found itself covered by English chart toppers Honne for a digital campaign for Hyundai's luxury brand Genesis at a fee of US$164,000. General Motor's Periscope team has licensed a cover of the Howie Day hit "Collide" for US$62,500 to help introduce their new focus on safety and emissions.

Also, although it is somewhat uncommon these days to see Country music in advertising, we were able to land "Before He Cheats" (Kear, Tompkins) in a State Farm Radio Advertisement. In this quirky ad, State Farm changes the lyrics to fit the creative regarding better rates and bundling policies. While a bit silly for some, the writers were all in. RHM received >US$44,000 for this placement, which has also been renewed for another run in 2021.

FILM TRAILERS

Film Trailer consumption has increased during the pandemic. Valerie Broussard's "Hold On To Me" was featured in a trailer for the Kevin Hart dramedy *Fatherhood* for US$75,000. The Weezer rendition of Gordon & Bonner's classic "Happy Together" can be found in a trailer for the family-friend animated *Ron's Gone Wrong* for US$70,000. A music historian, Roots' drummer Questlove is actively promoting his documentary *Summer of Soul*, and hand-picked Gil Scot Heron's "The Revolution Will Not be Televised" for the trailer at US$50,000. The Buggles' "Video Killed the Radio Star", achieving a licence fee of US$40,000, is being used to set the mood and transport viewers back to the 1980s in the trailer for the Rose Bryne series *Physical* on Apple TV.

TELEVISION

As studios are getting production back up and running, sync licensing opportunities in TV programmes have dramatically increased since the start of 2021. Eric Carmen's "All By Myself" was featured in the latest season of *Shameless* (the USA version) for US$30,000, while Warrant's "Cherry Pie" was recently used in an episode of the CBS hit *Young Sheldon* for US$20,000. Additional confirmations include classics by Jim Steinman whose "Paradise by the Dashboard Light" has been licensed for the forthcoming Netflix series *Maid* at US$25,000, while the epic "I'd Do Anything for Love (But I Won't Do That)" as popularised by Meatloaf will appear in *Q-Force* episode 107, achieving a fee of US$20,000.

"Best Day of My Life" by the American Authors continues to see features on a regular basis, including a US$19,400 promo for the ABC sitcom *Call your Mother*. Valerie Broussard's "Shadow Self" as recorded by LSDREAM was featured in the NFL post-season promo for US$14,700. Most recently, "Good Lovin'" by Clark & Resnick was used in a promo for the Hulu original *Lisey's Story* for US$37,500.

RECORDED MUSIC

Income from the Company's recorded music category assets continues to rise due to notable growth in digital music consumption. Some examples of incremental working of an existing catalogue in the physical (versus the digital) space are:

- The Triumph *Allied Forces* box set was one of Record Store Day 2021's best sellers, quickly selling out completely. With a renewed interest in the Canadian guitar heroes, a "Great Hits" album is in production for 2022 and will feature performances from some of today's biggest names in rock.
- 1990s rock icon Bush continues to perform and an aggressive marketing campaign featuring multiple activations focused on overall audience growth and engagement is in hand, resulting in a higher streaming baseline. Additionally, a documentary is being discussed chronicling the band's rise to fame and place in popular music.
- Celebrating The Offspring and the 20th anniversary of their platinum selling album, "Conspiracy of One" has been re-released on vinyl. Given the success across D2C and traditional retail channels, a new robust offering of additional Offspring vinyl products is scheduled for 2022.

Separate and aside from investing in sound recordings, the Company's Investment Manager recently launched the Sound Hill division, a team dedicated to focusing on Neighbouring Rights. Based in the USA and UK, this new team has over a decade of combined experience in Neighbouring Rights and is implementing a strategy built on identifying new claims and optimising current catalogues. In turn, this provides new diversification opportunities to investors by capturing new and previously unexplored sources of revenue in the space.

OPERATIONS

At the start of 2021, the Investment Manager embarked on an ambitious roadmap to rework internal systems and databases to optimise its music publishing administration process, covering everything from deal management to Copyright registrations and royalty processing. Beginning with two unique processing systems and three distinct databases, a legacy system was retired at the end of July 2021, resulting in a single system with two distinct databases. Work continues on an aggressive timetable and, by the Autumn of 2022, a single system will remain with one unified database. Running parallel to this is a similar process focused on the recorded music side of Round Hill's business. With continued investment in recording Catalogues, work is underway to migrate legacy data and processes from a legacy system to a new platform capable of processing a multitude of streaming transactions across the Company's portfolio.

In addition to the system consolidation and data verification, systematic re-registration across the Company's portfolio is underway to unlock held royalties at collection societies. This is one of several revenue generating opportunities in hand for the coming months.

MARKET CONDITIONS AND OUTLOOK

Despite the disruptions caused by the COVID-19 pandemic, the overall music business posted growth in 2020 as labels, publishers and the creative community adjusted to the new market conditions.

Across markets, governing bodies are still collecting details for the 2021 midyear reports, but statistics gathered to date are promising:

- MRC is the music industry's trusted data source for understanding how fans interact with music across physical and digital platforms and services. MRC Data's 1H reports show topline growth across all sectors of the music industry:
  - Global on-demand audio streams grew 27.5% in first half of the year YoY, although this figure is likely understated as Chinese streaming giant Tencent does not provide global reporting.
  - In the USA, overall consumption grew 13.5% YoY, driven by a 15% uplift in on-demand audio streams as well as an impressive 108.2% lift in vinyl sales. The renewed interested in vinyl, driven by collectors of all ages, pushed the USA physical market to growth for the first time in 9 years.
  - A similar story has played out in Canada, with overall consumption up 10.6% YoY. Like the USA, Canadian growth is being driven by on-demand audio streams (+10.6% YoY) and vinyl sales (+53% YoY).
- BPI is the British Phonographic Industry and the central source of data for the UK's recorded music industry. The BPI's collections for the UK also show consistent growth, with overall industry revenues up 13% YoY for 1H:
  - Total streams grew 11.8%, with 84% of total streaming growth attributed to paid subscriptions (+11%).

Advertising-supported and video streams grew 19.8% and 19.2% respectively.

- Similar to the USA, vinyl demand continues to soar in the UK, with wholesale revenues for the format up 69.3% YoY.

· PRS is the UK's Performing Rights Society which centrally licenses broadcasters and retail businesses for music use on behalf of all music publishers. After posting five consecutive years of growth, UK-based PRS saw a 19.7% decline in revenue collection, as the general Performance royalty category dropped 61.2% due to the absence of people in shops, bars, restaurants and concert halls. Despite the challenges, distributions to songwriters and publishers increased 2% YoY.

Looking to 2021 and beyond, societies and publishers are bracing for additional Performance royalty related declines, but the continued growth of streaming and the rise of non-traditional platforms are expected to more than offset these losses. Billboard's 2020 year in review reminded the industry how social media apps, from WhatsApp to TikTok, saw significantly increased downloads and usage, not only from those trapped indoors, but from marquee songwriters looking to reconnect with fans. Music is a significant part of short-form social media's appeal (eg TikTok, Reelz and Snaps) and delivers new opportunities for the Company's Catalogues to achieve further exploitation.

Round Hill Music LP
Investment Manager

29 September 2021

CONTACT INFORMATION

Josh Gruss JG@roundhillmusic.com

Neil Gillis NG@roundhillmusic.com

Steve Clark SClark@roundhillmusic.com

DIRECTORS

As at 30 June 2021 the Company had three directors, all of whom were independent and non-executive.

Trevor Bowen - Chairman of the Company
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. Trevor is resident in Ireland.

Caroline Chan
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. Caroline is resident in Guernsey.

Francis Keeling
Francis is an experienced media and music industry professional and is currently Executive Vice President of Business Development at Orfium, a leader in rights management solutions. Francis previously served as Senior Vice President International for Discovery, and 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 recorded music licensing for all digital music services. He has a master's degree in mechanical engineering from Imperial College London and is resident in the United Kingdom.

INTERIM MANAGEMENT REPORT

A description of important events which have occurred during the period from incorporation on 5 August 2020 until 30 June 2021 (the "**Period**"), and their impact on the performance of the Company and its subsidiaries (together the " **Group**"), as shown in the Interim Financial Report which includes the Chairman's Statement, the Investment Manager's Report and the Notes to the unaudited Interim Consolidated Financial Statements.

Principal Risks and Uncertainties

The Board regularly reviews the principal risks and uncertainties affecting the Group together with the mitigating actions it is in the process of establishing to manage these risks. These are set out in detail on pages 12 to 24 of the Company's Prospectus dated 19 October 2020.

The risks considered by the Board as the key risks to the Group and the mitigations applied are summarised below. The Board believes that these risks are unchanged in respect of the remaining six months of the year to 31 December 2021.

High Risks	Mitigation
Investment risk - Copyright performance concerns - there can be no guarantee that the historic performance of a Copyright will continue in the future.	The Board is provided with independent reviews of the investments with reports on the performance of the Copyrights. The Board will monitor the underlying portfolio to ensure performance is met and maintained and that milestones are met. The Investment Manager is to predominantly acquire Copyrights that demonstrate enduring appeal and longevity and take into account responses in changes to popularity of genres, and appreciation and reputation of particular artists.

Reliance upon intellectual property rights could cause an adverse risk on the Group's financial position - ability to implement the Investment Policy and achieve the Investment Objective is dependent upon the Group being able to protect and exploit the intellectual property rights represented by Copyrights.	The Investment Manager is engaged to provide guidance to the Board on how to exploit the intellectual property rights represented by Copyrights, ensuring any risks are taken into consideration to avoid an impact to the financial position of the Group.
Targeted annual dividend cannot be achieved - dividends are based on a number of estimates and assumptions.	The Board together with the Investment Manager work together to follow the Company's Investment Policy, to acquire investments that will generate revenue to achieve the targets set to maintain the payment of dividends.
Valuation of assets - incorrect / inappropriate pricing methods used resulting in financial loss.	External valuations are performed on the assets by a third party and provided to the Administrator, with oversight and approval of such valuations provided by the Investment Manager and approved by the Board.
Ineffective monitoring / oversight of outsourced functions not conducted effectively and, in terms of legislative or regulatory requirements, resulting in regulatory sanctions / error / failure by service provider causing loss / reputational damage / sanctions	Regular reviews of third parties by the Administrator / the Board.
Emerging risks	The Board has developed a risk matrix for the Company which is tabled at every Board meeting and continually monitors emerging risk areas relevant to the performance of the Group including those which could threaten its business model, future performance and liquidity on an ongoing basis.

Related Party Transactions

There were no material related party transactions which took place in the Period, other than those disclosed at note 12 of the Notes to the unaudited Interim Consolidated Financial Statements or in the Prospectus.

Going Concern

The Company's principal activities are set out in the Company Overview of this report. The financial position of the Company is set out in the Interim Consolidated Statement of Financial Position. In addition, note 10 to the Interim Consolidated Financial Statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives and its exposures to credit risk and liquidity risk.

COVID-19 has affected revenues across the entire music ecosystem and the Company is not totally insulated from its effect. Global live music was reportedly down 76% in 2020 compared to 2019 and that is likely to affect performance royalty flow in calendar year 2021. The Company's portfolio has a heavy concentration in older repertoire which earns very little from the live sector, so the effect of COVID-19 on the Company's live performance revenue is expected to be less significant than that of industry projections. General performance royalty income globally is predicted to decline by around 20% in 2021 compared to 2020 (due to shops, restaurants, bars, cinemas and night clubs' closures), with many Collective Management Organisations (eg PRS) giving such licensed establishments payment holidays. However, the increase in digital music consumption (of which performance royalty income is an element) is expected to compensate for most of the decline expected in general performance royalty income.

The Directors have reviewed cash flow projections that detail revenue and liabilities and will continue to receive cash flow projections as part of the Company's reporting and monitoring processes. After reviewing the cash flow projections and receiving feedback from the Investment Manager, as well as taking into account the principal risks and uncertainties, the Directors believe that the Company has adequate financial resources to continue its operational existence for the foreseeable future and at least 12 months from the date of approval of this Interim Financial Report.

Responsibility Statement

The Directors confirm that to the best of their knowledge:

- the Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*;
- the Interim Financial Report, which includes the Chairman's Report, the Investment Manager's Report and the Interim Management Report, includes a fair review of the information required by:

(a) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the interim period of the financial year and their impact on the interim set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(b) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first interim period of the current financial year and that have materially affected the financial position or the performance of the enterprise during that period.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website, and for the preparation and dissemination of financial statements. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Signed on behalf of the Board of Directors of the Company.

Caroline Chan **Francis Keeling**
Director **Director**

29 September 2021

INDEPENDENT REVIEW REPORT TO ROUND HILL MUSIC ROYALTY FUND LIMITED

Conclusion

We have been engaged by Round Hill Music Royalty Fund Limited (the "Company") to review the consolidated financial statements in the interim financial report for the period from 5 August 2020 (date of incorporation) to 30 June 2021 of the Company and its subsidiaries (together, the "Group"), which comprises the interim consolidated statement of financial position, the interim consolidated statement of comprehensive income, the interim consolidated statement of changes in equity, the interim consolidated statement of cash flows and the related explanatory notes.

Based on our review, nothing has come to our attention that causes us to believe that the consolidated financial statements in the interim financial report for the period from 5 August 2020 (date of incorporation) to30 June 2021 do not give a true and fair view of the financial position of the Group as at 30 June 2021 and of its financial performance and its cash flows for the period then ended, in accordance with IAS 34 Interim Financial Reporting and the Disclosure and Guidance and Transparency Rules ("the DTR") of the UK's Financial Conduct Authority ("the UK FCA").

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* ("ISRE") issued by the Financial Reporting Council for use in the UK. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. We read the other information contained in the interim financial report and consider whether it contains any apparent misstatements or material inconsistencies with the information in the consolidated financial statements.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Scope of review section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This conclusion is based on the review procedures performed in accordance with this ISRE, however future events or conditions may cause the entity to cease to continue as a going concern.

Directors' responsibilities

The interim financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim financial report in accordance with the DTR of the UK FCA.

The consolidated financial statements included in this interim report have been prepared in accordance with IAS 34 Interim Financial Reporting.

In preparing the interim financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Our responsibility

Our responsibility is to express to the Company a conclusion on the consolidated financial statements in the interim financial report based on our review. Our conclusion, including our conclusions relating to going concern, are based on procedures that are less extensive than audit procedures, as described in the scope of review paragraph of this report.

The purpose of our review work and to whom we owe our responsibilities

This report is made solely to the Company in accordance with the terms of our engagement letter to assist the Company in meeting the requirements of the DTR of the UK FCA. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Dermot Dempsey
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants
Guernsey

28 September 2021

Interim Consolidated Statement of Financial Position
As at 30 June 2021 (unaudited)

	Note	30 June 2021 US$
Assets		
Current assets		
Cash and cash equivalents	5	**9,465,989**
Accounts receivable and accrued income	6	**14,478,205**
Total current assets		**23,944,194**
Non-current assets		
Catalogues	4	**273,937,974**
Financial assets at fair value through profit or loss	15	**59,379,011**
Total non-current assets		**333,316,985**
Total assets		**357,261,179**
Liabilities		
Current liabilities		
Accounts payable and accrued expenses	7	**5,765,930**
Loans with related parties		**499,408**

	Note	
Total current liabilities		**6,265,338**
Non-current liabilities		
Bank loan	18	**31,681,326**
Total Non-current liabilities		**31,681,326**
Total liabilities		**37,946,664**
Equity		
Ordinary share capital	8	**323,966,979**
Retained earnings		**(4,652,464)**
Total equity		**319,314,515**
Total liabilities and equity		**357,261,179**
IFRS Net Asset Value per Ordinary Share (US Dollars)	11	**0.97**
Economic Net Asset Value per Ordinary Share (US Dollars)	11	**1.07**

Approved and authorised for issue by the Board of Directors on 29 September 2021 and signed on their behalf by:

Director Director

The accompanying Notes form an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Statement of Comprehensive Income
For the period from incorporation on 5 August 2020 to 30 June 2021 (unaudited)

	Note	**5 August 2020 to 30 June 2021** US$
Income		
Royalty income	9	16,288,444
Investment Income	16,9	1,016,013
Royalty expense		(4,661,607)
Investment expenses		(258,889)
		12,383,961
Expenses		
Administration fees	13	142,589
Audit and interim review fees		150,700
Amortisation of Catalogues	4	8,824,140
Broker fees		43,033
Director fees	12	271,865
Legal and professional fees		990,146
Performance fees	13	304,232
Investment management fees	13	1,788,531
Portfolio administration fees	13	850,717
Other operating expenses		331,140
Total operating costs		**(13,697,093)**
Operating loss for the period before finance and tax expenses		**(1,313,132)**
Finance costs	18	(214,389)
Fair value losses on financial assets at fair value through profit or loss	15	(664,193)
Net loss for the period before tax		**(2,191,714)**
Income tax expense	19	-
Net loss for the period		**(2,191,714)**
Total comprehensive loss for the period		**(2,191,714)**
Basic and diluted loss per Ordinary Share (US Dollars)	14	(0.01)

All activities derive from continuing operations.

The accompanying Notes form an integral part of these Interim Consolidated Financial Statements

Interim Consolidated Statement of Cash Flows
For the period from incorporation on 5 August 2020 to 30 June 2021 (unaudited)

	Note	**30 June 2021** US$
Operating activities		
Net loss for the period		**(2,191,714)**
Items not affecting cash:		
Amortisation of Catalogues	**4**	**8,824,140**
Fair value (gains)/losses on financial assets at fair value through profit or loss	**15**	**664,193**
Increase in accounts receivable and accrued income	**6**	**(14,478,205)**
Increase in accounts payable and accrued expenses	**7**	**5,607,708**
Interest payable - Truist Bank	**7**	**158,222**
Purchase of financial assets at fair value through profit or loss	**15**	**(60,043,204)**
Purchase of Catalogues	**4**	**(282,762,114)**
Net cash flows used in operating activities		**(344,220,974)**
Financing activities		
Bank loan drawn	**18**	**31,681,326**
Proceeds from share issue	**8**	**330,561,000**
Share issue costs	**8**	**(6,594,021)**
Dividends paid	**17**	**(2,460,750)**
Loans with related parties		**499,408**
Net cash flows from financing activities		**353,686,963**
Change in cash and cash equivalents		**9,465,989**

Cash and cash equivalents at beginning of the period		-
Cash and cash equivalents at end of the period	**5**	**9,465,989**

The accompanying Notes form an integral part of these Interim Consolidated Financial Statements.

Interim Consolidated Statement of Changes in Equity
For the period from incorporation on 5 August 2020 to 30 June 2021 (unaudited)

	Notes	**Ordinary Share Capital US$**	**Retained Earnings US$**	**Total Equity US$**
As at 5 August 2020		-	-	-
Shares issued	8	330,561,000	-	330,561,000
Share issue expenses	8	(6,594,021)	-	(6,594,021)
Net loss for the period		-	(2,191,714)	(2,191,714)
Dividends declared	17	-	(2,460,750)	(2,460,750)
Balance at 30 June 2021		**323,966,979**	**(4,652,464)**	**319,314,515**

The accompanying Notes form an integral part of these Interim Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements
For the period 5 August 2020 to 30 June 2021

1. Corporate information

Round Hill Music Royalty Fund Limited ("**Company**") is a non-cellular Guernsey incorporated 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 is a UK resident for taxation purposes, 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 Music LP ("**Round Hill Music**") as its investment manager (the "**Investment Manager**") to manage its assets on a discretionary basis. Round Hill Music, which is the sixth largest music publisher in the U.S. and is a fully integrated owner and operator of music copyright properties, focuses 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 Music is also responsible for the administration of the Company's assets including the collection of royalties.

On 11 November 2020, the Company completed an initial public offering and listed its Ordinary Shares on the SFS of the LSE on 13 November 2020, where it trades under the symbol "**RHM**".

These Interim Consolidated Financial Statements of the Company and its subsidiaries (the **"Group''**) have been prepared for the period from incorporation on 5 August 2020 to 30 June 2021. These Interim Consolidated Financial Statements do not contain all the information and disclosures that will be contained in annual financial statements. As the Group has not previously published annual financial statements, these Interim Consolidated Financial Statements contain additional information about the accounting policies applied from incorporation. These Interim Consolidated Financial Statements are unaudited.

2. Accounting policies

The principal accounting policies applied in the preparation of these Interim Consolidated Financial Statements are set out below.

2.1 New and amended standards and interpretations applied in these Interim Consolidated Financial Statements

On incorporation, the Company adopted all of the IFRS standards and interpretations that were in effect at that date and are applicable to the Group.

2.1.1 New and amended standards and interpretations not applied in these Interim Consolidated Financial Statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Group's accounting periods beginning on or after 1 January 2021 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Group.

2.2 Group Information

As at 30 June 2021, the details of the Group's subsidiaries are as follows:

Name of the subsidiary	Place of incorporation and operation	% of voting rights	% Interest	Consolidation Method
RHMRF1 Limited	United Kingdom	100	100	Full
RHMRF2 Limited	United Kingdom	100	100	Full

On 22 September 2021, a third subsidiary was incorporated in United Kingdom, RHMRF3 Limited. The Company holds 100% of the interest in this subsidiary.

2.3 Going Concern

The Directors monitor the capital and liquidity requirements of the Company on a regular basis. They have also reviewed cash flow forecasts prepared by the Investment Manager which are based in part on assumptions about the future purchase and returns from existing Catalogues and the annual operating cost.

Despite the Group making a loss in its first operating period, the Group has a significant cash balance as well as large positive net current assets and net assets at the period end.

Based on these sources of information and their own judgement, the Directors believe it is appropriate to prepare the Consolidated Interim Financial Statements of the Group on a going concern basis.

2.4 Basis of preparation

These Interim Consolidated Financial Statements for the reporting period ended 30 June 2021 have been prepared in accordance with Accounting Standard IAS 34 Interim Financial Reporting.

Consolidation
In accordance with section 244 of the Companies Law, the Directors have elected to prepare interim consolidated financial statements from incorporation until 30 June 2021 for the Group. Therefore, there is no requirement to present individual financial statements for the Company within the Interim Consolidated Financial Statements.

These Interim Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company at the reporting date. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect these returns through its power over the entity.

Subsidiaries are consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

These Interim Consolidated Financial Statements include the results of the subsidiaries disclosed in Note 2.2. All intra-group transactions, balances, income and expenses are eliminated on consolidation. The Group does not include any non-controlling interest .

2.5 Segmental reporting

The chief operating decision maker is the Board of Directors. The Directors are of the opinion that the Group is engaged in a single segment of business, being the investment of the Group's capital in its portfolio of Catalogues to provide investors with an attractive level of regular and growing income, together with the potential for capital growth.

2.6 Revenue Recognition

Revenue from operations and associated costs

The revenue earned by the Group is recognised in accordance with IFRS 15 and solely consists of royalty income, which is divided into three main revenue categories:

- Mechanical royalties - these are collected by Mechanical Rights Organisations ("**MROs**") or Collective Management Organisations ("**CMOs**") worldwide which represent songwriters and other copyright owners, except in territories where labels are licensed directly. Mechanical royalties are also collected by the portfolio administrators (e.g. a sub-publisher) with whom the Group contracts;
- Performance royalties - these are collected by various Performance Rights Organisations ("**PROs**") worldwide which represent songwriters and other copyright owners; and
- Synchronisation fees - these are typically paid directly to the owner of the relevant copyright or its publisher, on the terms and in the amounts agreed with the relevant film or television production company, advertising agency or end customer.

These revenue categories are further disaggregated into individual revenue streams which are disclosed in detail in Note 9. The Group follows the same accounting policies in respect of all revenue streams, unless otherwise disclosed.

As royalty income is typically reported by the different royalty collection agents on an arrears basis via statement (3-6 months for mechanical royalties and 3-12 months for performance royalties) and, where statements have not been received at the year end, the Group accrues for those reporting delays by assessing historic and forecasted earnings over the equivalent reporting period based on evidenced historic revenue reporting, seasonality and industry consumption and growth rates since the last statement date.

The Company enters into licence arrangements in respect of Catalogues with third party collection agents. Licences granted to collection agents are deemed to constitute usage based, right of use licences as per IFRS 15. Revenue arising from licences entered into with collection agents is therefore recognised in the period. Payment is made upon reporting of those usages within royalty statements delivered typically 3-6 months after usage (see above). The significant payment terms are 60-90 days. This revenue is disaggregated to be reviewed by usage period, source of income, work title, reporting period and royalty deductions (i.e. administration fee retained by the collection agent). The contractual basis of the licence arrangements are such that the agents are deemed as 'principals' for tax purposes, therefore, the Company recognises its revenue net of administration fees. Where available at the end of each month or earlier interval to which the revenue relates, revenue is recorded on the basis of royalty statements received from collection agents.

Non-recourse fixed fee arrangements are recognised at the point at which control of the licence passes to the collection agents. Variable consideration is recognised in the period when the usage of the Catalogues occurs.

2.7 Expenses

Expenses are accounted for on an accruals basis. Expenses are charged through the Interim Consolidated Statement of Comprehensive Income. Expenses include royalty costs which are paid to third parties which include the writers.

2.8 Dividends

Dividends are accounted for in the period in which they are declared and approved by the Board of Directors .

2.9 Catalogues

Catalogues include music catalogues, artists' contracts and music publishing rights and are recognised as intangible assets, when substantially all the risks and rewards of ownership have transferred to the Group, and are measured initially at the fair value of the consideration paid. Each Catalogue is subsequently amortised in expenses over the useful life of the asset and shown net of any impairment considered necessary. This amortisation is shown in the Interim Consolidated Statement of Comprehensive Income as 'amortisation of Catalogues'. Useful life is separately considered for each Catalogue and is reviewed at the end of each reporting period. Catalogues are derecognised when the Group has transferred substantially all the risks and rewards of ownership and it no longer has control over the asset.

Impairment on Catalogues

Each time events or changes in the respective Catalogues or economic environment indicate a risk of impairment of intangible assets, the Group re-examines the value of these assets for indicators of impairment. When there are indicators of impairment, the impairment test is performed to compare the recoverable amount to the carrying value of the asset. The recoverable amount is determined as the higher of: (i) the value in use; or (ii) the fair value (less costs to sell) as described hereafter, for each individual asset.

The value in use of each asset is determined by the Board and / or the Investment Manager at time of acquisition, which is the discounted value of future cash flows by using cash flow projections consistent with the expected portfolio cash flows and the most recent forecasts as at that time. Applied discount rates are determined by reference to an appropriate benchmark as determined by the Board and / or the Investment Manager and reflect the current assessment by the Group of the time value of money and risks specific to each asset. Growth rates used for the evaluation of individual assets are based on industry growth rates sourced from independent market reports and other third-party sources.

The fair value (less costs to sell) is considered to be equal to the fair value determined by the portfolio independent valuer, which is also the discounted value of future cash flows by using cash flow projections consistent with the expected portfolio cash flows and the most recent forecasts as at that time cross-referenced, where appropriate, against market multiples for recent transactions for similar assets. The portfolio independent valuer uses their own proprietary analysis to project out income streams, which is based on independent market reports and third-party sources. The current discount rate used by the portfolio independent valuer is 8.5%.

Whilst the Board and the Investment Manager regularly assess other indicators of impairment (such as a songwriter's or key performance artist's reputation etc.), the Board and the Investment Manager typically use the fair value of the assets, being the Catalogues, as an initial indicator of impairment. For assets that are currently valued below their fair value, the Board and the Investment Manager will consider the qualitative and quantitative aspects of the respective asset in determining its value in use to determine if the indicator of impairment holds true.

If the recoverable amount is still lower than the carrying value of an asset or group of assets and the qualitative and quantitative aspects do not support a recoverable amount higher than the carrying amount, an impairment loss equal to the difference is recognised in profit and loss. The impairment losses recognised in respect of intangible assets may be reversed in a later period if the recoverable amount becomes greater than the carrying value, within the limit of impairment losses previously recognised.

2.10 Trade receivables

Trade receivables and other receivables that have fixed or determinable payments that are not quoted in an active market are initially measured at fair value plus transaction costs directly attributable to the acquisition, and subsequently measured at amortised cost using the effective interest method, less allowance for Expected Credit Losses (Note 3). Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

2.11 Financial assets

In accordance with IFRS 9, the Group classifies its financial assets at initial recognition into the categories of financial assets and financial liabilities discussed below.

The Group classifies its financial assets as subsequently measured at amortised cost or measured at Fair Value Through Profit and Loss ("**FVTPL**") on the basis of both:

- The entity's business model for managing the financial assets; and
- The contractual cash flow characteristics of the financial asset.

Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal ("**SPPI**") amount outstanding. The

Group includes in this category short-term non-financing trade and other receivables.

Derecognition
A financial asset is derecognised (in whole or in part) either:
- When the Group has transferred substantially all the risks and rewards of ownership; or
- When it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the asset or a portion of the asset; or
- When the contractual right to receive cash flow has expired.

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Classification
Financial assets classified at FVTPL because the Fair Value Through Other Comprehensive Income (" **FVTOCI**") designation has not been made.

The Group includes in this category:
- Investment in RH Carlin Holdings LLC (note 15%.

Measurement
Investments made by the Group are measured initially and subsequently at fair value, with changes in fair value taken to the Statement of Comprehensive Income. Transaction costs are expensed in the Statement of Comprehensive Income in the year in which they arise for those financial instruments classified at FVTPL.

Fair value estimate
The fair value of financial assets at fair value through profit and loss is based on the NAV of the underlying entity as adjusted for the fair value of its underlying Catalogues given that they are held by the underlying entity at cost less accumulated amortisation and impairment. Changes in the fair value of investment in the underlying entity are subject to the value of the underlying Catalogues, as well any changes to the value of any other underlying assets and liabilities. Therefore, it is deemed appropriate to use the value of the Catalogues when determining the fair value.
Further information with regards to the fair value is detailed in Note 3.

2.12 Financial liabilities

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

This category includes all financial liabilities.

The Company includes in this category:

- Accounts payable
- Accrued expenses
- Bank loans.

(i) Accounts payable and accrued expenses

Accounts payable and accrued expenses are classified as financial liabilities at amortised cost. Accounts payable and accrued expenses are not interest-bearing and are stated at their nominal value.

(ii) Bank loans and interest

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.13 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its
liabilities. Equity instruments issued by the Company are recognised at the value ofceeds received, net of direct issue costs.
Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is
recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Ordinary Shares are classified as equity in accordance with IAS 32 - "Financial Instruments: Presentation" as these instruments include no contractual obligation to deliver cash and the redemption mechanism is not mandatory.

2.14 Cash and Cash equivalents

Cash at bank and short term deposits which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

2.15 Functional and Foreign currency

Items included in the Interim Consolidated Financial Statements of each of the Group's subsidiaries are measured using the currency of the primary economic environment in which each entity operates ('the functional currency'). The Interim Consolidated Financial Statements are presented in United States Dollar, which is the functional and presentation currency of the Company and each of its Subsidiaries.

On incorporation, the functional currency of the Company and its subsidiaries was determined to be US Dollars due to the significant proportion of transactions in US Dollars, such as the Catalogue purchases and the associated royalty revenues and expenses.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non -monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise. Transactions denominated in foreign currencies are translated into US Dollars at the rate of exchange ruling at the date of the transaction.

2.16 Investment income

Dividends, distribution income, and interest income are included in the Group's investment income and are recognised when the Group's right to receive the income is established. In the case of dividends, this is generally when shareholders approve the dividend.

2.17 Interest expense

Interest expense is recognised within 'finance costs' in profit or loss using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter year where appropriate, to the net carrying amount of the financial liability.

When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

3. Significant accounting judgements, estimates and assumptions
The preparation of the Group's Interim Consolidated Financial Statements requires the application of estimates and assumptions which may affect the results reported in the financial statements. Uncertainty about these estimates and assumptions could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below. The Group based its assumptions and made estimates based on the information available when the Interim Consolidated Financial Statements were prepared. However, these assumptions and estimates may change based on market changes or circumstances beyond the control of the Group.

Functional currency

Functional currency is defined as the currency of the primary economic environment in which the Group operates, and IAS 21 outlines primary and secondary factors an entity should consider when determining its functional currency. On incorporation, the functional currency of the Company and its subsidiaries was determined to be US Dollars due to the significant proportion of transactions in US Dollars, such as the Catalogue purchases and the associated royalty revenues and expenses. Accordingly, these Interim Consolidated Financial Statements are prepared in US Dollars.

Assessment of useful life of intangible assets

In order to calculate the amortised cost of the intangible assets it is necessary to assess the useful economic life of the Copyright interests. This requires forecasts of the expected future revenue from the Copyright interests, which contains significant uncertainties as the ongoing popularity of a composition or song can fluctuate unexpectedly.

Based on the Board's consideration of the international music market and the sustained growth in streaming revenues, the Board has separately considered the useful life of each Catalogue. The Board has assessed the weighted average useful life of each Catalogue to be 16 years. In making this estimate, the Board has also considered the period over which revenue is expected to be reliably generated by each Catalogue. The Board notes this is in line with useful life estimates of other large music companies.

Critical estimates in applying the Group's accounting policies - revenue recognition:

Revenues received from CMOs are subject to a significant time lag in the industry. As such, an income accrual is estimated by the Investment Manager. In calculating accruals, the Investment Manager makes judgements around seasonality, over or under performance, and commercial factors based on historical performance, their knowledge of each Catalogue and their regular correspondence with the various administrators, record labels and international societies.

In recommending the estimate of this accrual to the Board of Directors, the Investment Manager used its analysis of each Catalogue's revenue history as well its knowledge of the respective Catalogue performance trends to recommend the estimated accruals. The income accrual is based on analysis of each Catalogue's revenue history as well as knowledge of the respective Catalogue's performance trends.

Included in the income received from CMOs are amounts payable in relation to a writers share of performance royalties. Consequently the estimation of the income accrual incorporates the accrued royalty costs which are payable to writers and is recognised separately in accounts payable and accrued expenses.

Expected Credit Loss (ECL) in relation to revenue receivables

Royalty earnings for accruals and receivables recognised in the interim period ended 30 June 2021 are paid to Round Hill Music as portfolio administrator by Collective Management Organisations (e.g. ASCAP, MCPS, PRS), record companies, sub-publishers, synchronisation licensees and digital services.

Round Hill Music is constantly monitoring the marketplace at a national level (both directly and through its sub-publishers) to assess risks which may negatively affect the timely flow of royalty income. Aside from seasonal variances and general economic events (e.g. COVID-19), there are no signs of any CMOs or other licensees in the music industry showing any signs of defaulting on their payment obligations (with the majority having being established for up to 100 years, with a robust and stable track record), therefore, any associated risk in this area is considered to be almost zero. Direct licensing activity (e.g. the issue of a sync licence) is invoiced on a transactional basis so it is very easy to contain music usage and avoid debtors arising.

Assessment of impairment and the Calculation of Economic NAV

As disclosed in Note 2.9, intangible assets are subject to annual impairment review which relies on assumptions made by the Catalogues' independent valuer. Assumptions are updated annually, specifically those relating to future cash flows and discount rates.

The fair value estimates that are prepared in order to calculate the Economic NAV and Economic NAV per Ordinary Share are also used to assess whether there is evidence that the intangible assets may be impaired.

Valuations of music publishing rights typically adopt the Discounted Cash Flow (" **DCF**") valuation approach which measures the present value of anticipated future revenues from acquiring the Catalogues, which are discounted at a 'market cost of capital' of 8.5% and a terminal value in 16 years. This method is accepted as an objective way of measuring future benefits; taking into account income projections from various music industry sources across various revenue flows whilst also factoring in the associated cost of capital.

It is the intention of the Board that the Catalogues will be valued on an ongoing basis using a consistent DCF valuation methodology, and that this be used as an initial indicator of impairment for each Catalogue.

Determining fair value of assets

The fair value of financial assets at fair value through profit and loss is based on the NAV of the underlying entity, which is in accordance with US GAAP as reported by the underlying manager, and as adjusted for the fair value of the underlying Catalogues, given that they are held by the underlying entity at cost less accumulated amortisation and impairment. It is deemed appropriate to use the value of the Catalogues when determining the fair value of the underlying entity, with no significant differences between IFRS and US GAAP in this regard.

The fair value of financial assets at fair value through profit and loss is based on the NAV of the underlying entity, with changes in the fair value of the investment subject to the changes in the value of the underlying Catalogues as valued by an external independent valuer, as well as any changes in the fair value of the underlying entity's other assets and liabilities. This external appraisal in respect of the underlying Catalogues' valuation, which is reviewed by the Directors, uses the methods described in note 4.

	Total US$
Cost	
Opening balance	-
Additions	282,762,114
Closing balance	**282,762,114**
Amortisation and Impairment	
Opening balance	-
Amortisation	8,824,140
Impairment	-
Closing balance	**8,824,140**
Net book value	
At 30 June 2021	**273,937,974**
Fair value as at 30 June 2021	**311,298,747**

4. Catalogues

The Group amortises each Catalogue with a limited useful life using the straight-line method of 16 years (other than in exceptional circumstances for specific Catalogues).

Useful life is separately considered for each Catalogue and is reviewed at the end of each reporting period. At 30 June 2021 accumulated amortisation for all of the Catalogues is US$8,824,140 and the accumulated impairment to date is US$nil.

The Board engaged portfolio independent valuer, Massarsky Consulting, Inc., to value the Catalogues as at 30 June 2021. Each income type from individual Catalogues was analysed and forecast to derive the fair value of the Catalogues by adopting a DCF valuation methodology using a discount rate of 8.5%. Income was analysed and forecast at the level of each individual Catalogue and by income type. Future revenues were also estimated, often at the level of individual songs, and incorporated into their valuation. Massarsky Consulting, Inc has also taken into consideration macro factors including the growth of streaming revenue, the global growth of the recorded music industry and the short and medium term impact of COVID-19 in their analysis. The Board has approved and adopted the valuations prepared by the portfolio independent valuer. The reconciliation between the IFRS NAV and the Economic NAV is referred to in note 11.

The sensitivity to the discount rate used to determine the fair value of the Catalogues owned by the Company on the Economic NAV of the Company is as follows:

-1% discount rate will grow the fair value of the Company's investment in Catalogues by 9.8%, increasing the Economic NAV of the Company by US$30,425,547 which represents an increase of 8.6%% to the Economic NAV per Ordinary Share of the Company.

+1% discount rate will reduce the fair value of the Company's investment in Catalogues by 9.2%, reducing the Economic NAV of the Company by US$28,471,073 which represents a decrease of 8.0% to the Economic NAV per Ordinary Share of the Company.

5. Cash and cash equivalents

	30 June 2021 US$
Bank accounts	9,465,989
	9,465,989

6. Accounts receivable and accrued income

	30 June 2021 US$
Prepayments	77,291
Capitalised deal expenses	188,910
Pre-paid arrangement fees	1,628,727
Accrued royalty income	5,933,171
Royalty income receivable from the Investment Manager (see note 12)	5,634,093
Investment income receivable	1,016,013
	14,478,205

7. Accounts payable and accrued expenses (amounts falling due within one year)

	30 June 2021 US$
Portfolio Administration fees(see note 13)	497,707
Management fee (see note 13)	864,592
Performance fee (see note 13)	304,232
Administration fee (see note 13)	15,164
Sundry accruals	455,490
Interest payable on bank loan (see note 18)	158,222
Amounts owing to songwriters	3,470,523
	5,765,930

8. Share capital

Authorised
The Company has the power to issue an unlimited number of shares. As at 30 June 2021, the issued shares of the Company were Ordinary Shares of no par value.

Issued
The following table shows the movement of the issued shares in the Company during the period:

Share capital	**Number of Ordinary Shares**	**Share capital** US$
Issued and fully paid shares during the period	**330,100,000**	**323,966,979**
Share capital at 30 June 2021	**330,100,000**	**323,966,979**

	30 June 2021 US$
Issued and fully paid:	
Ordinary Shares issued on 13 November 2020	282,000,000
Ordinary Shares issued on 18 December 2020	46,561,000
Ordinary Shares issued on 7 June 2021	2,000,000
Share issue costs	(6,594,021)
Share Capital as at 30 June 2021	**323,966,979**

9. Royalty Income

	30 June 2021 US$
Publishing income	12,495,539
Masters income	3,792,905
Royalty Income	**16,288,444**
Investment income - Carlin	1,016,013
Total royalty income	**17,304,457**

There is an inherent time lag with royalties between the time a composition or song is performed, and the revenue being received by the Copyright owner. The time lag ranges from 3-6 months on United States income and 3-12 months on international income. The revenue accruals booked in the period are disclosed in detail within the accounts receivable and accrued income.

All revenue streams disclosed in this Note are in scope of IFRS 15.

10. Financial Risk Management

Financial Risk Management Objectives
The Group's activities expose it to various types of financial risk, principally market risk, credit risk, and liquidity risk. The Board has overall responsibility for the Group's risk management and sets policies to manage those risks at an acceptable level.

Fair values
The Investment Manager assessed that the fair values of cash and cash equivalents, accounts receivables and accrued income and accounts payable and accrued expenses approximate their carrying amount largely due to the short-term maturities and high credit quality of these instruments.

See note 3 and note 15 for details with respect to the fair value of financial assets at fair value through profit and loss.

Capital Risk Management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the capital return to Shareholders. The capital structure of the Company consists of issued share capital and retained earnings, as stated in the Interim Consolidated Statement of Financial Position.

In order to maintain or adjust the capital structure, the Company may buy back shares or issue new shares. There are no external capital requirements imposed on the Company.

The Company's investment policy is set out in the Investment Objective and Policy section of this Interim Financial Report, on page 3.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices. The Company is exposed to price risk, currency risk and interest rate risk.

For price risk, see note 15 for details with respect to the sensitivity of the value of the financial assets at fair value through profit and loss to significant changes in the underlying inputs.
For price risk to the value of the Catalogues in RH Carlin Holdings LLC, see note 15 for details with respect to the sensitivity of the value of the Catalogues to significant changes in the underlying inputs.

Currency risk
Currency risk is the risk that the fair values of future cash flows will fluctuate because of changes in foreign exchange rates. The revenue earned from the Catalogues may be subject to foreign currency fluctuations. Royalties are earned globally and paid in a number of currencies, therefore, the Company may be impacted by adverse currency movements. The Company will convert the majority of overseas currency receipts into US Dollars by agreeing to currency exchange arrangements with collection agents, or otherwise itself undertaking foreign exchange conversions.

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.

Credit Risk
Credit risk is the risk of loss due to failure of a counterparty to fulfil its contractual obligations. The Group is exposed to credit risk in respect of its contracts with various collection organisations. This exposure is minimised by dealing with reputable organisations whose credit risk is deemed to be low given their respective position in the industry.

As reported in Note 3, there is no impairment of the receivables balance and credit risk of third parties has been taken into account when calculating accruals and, as such, expected credit loss has been deemed nil, or close to nil.
The Group is exposed to credit risk through its balances with banks which are classified as cash equivalents. The table below shows the Group's material cash balances and the short-term issuer credit rating as at the 30 June 2021:

	Location	Rating	30 June 2021 US$
Lloyds Bank plc	Guernsey	A+	9,465,989

*Rated by Standard & Poor's

Interest rate risk
As the Group's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Group's income.

Trade and other receivables and trade and other payables are interest free and with a term of less than one year, so it is assumed that there is no interest rate risk associated with these financial assets and liabilities.

The Group's interest rate risk principally arises from long-term borrowings (note 18). Borrowings issued at variable rates exposed the Group to cash flow interest rate risk.

Liquidity Risk
Liquidity risk is the risk that the Company will be unable to convert its assets into cash in order to meet its short-term financial commitments. The Company's liquidity risk is managed on an ongoing basis by the Investment Manager and the Directors.

Liquidity risk is the risk that the Group may not be able to meet its financial obligations as they fall due. The Group maintains a prudent approach to liquidity management by maintaining sufficient cash reserves to meet foreseeable working capital requirements. In order to mitigate liquidity risk, the Group aims to have sufficient cash balances to meet its obligations for a period of at least twelve months.

The Group prepares a 12 month rolling cash flow forecast, which is reviewed by the Board and the Investment Manager at least on a quarterly basis. The cash flow forecast includes a sensitivity analysis with downside scenarios on income streams impacted specifically relating to COVID-19. Cash is delivered with royalty statements, and the majority are delivered quarterly or semi-annually. A small number of collections are delivered monthly. Cash is collected and processed throughout calendar quarters or half years by the administrators and paid out on either 60/90 day accounting.

At the reporting date, the Group's financial assets and financial liabilities maturities are:

	Note	Total carrying amount	Less than 1 month	1-3 months	3-12 months	Greater than 12 months
Accounts receivable and accrued income	6	12,772,188	-	10,861,139	1,911,049	-
Cash and cash equivalents	5	9,465,989	9,465,989	-	-	-
		22,238,177	**9,465,989**	10,861,139	1,911,049	**-**
Accounts payable and accrued expenses	7	5,765,930	158,222	5,607,708	-	-
Bank loan*	18	52,570,443	-	324,769	1,445,250	50,800,424
		58,336,373	**158,222**	**5,932,477**	**1,445,250**	**50,800,424**

*includes undiscounted future interest

11. IFRS Net Asset Value per Ordinary Share and Economic Net Asset Value per Ordinary Share

	30 June 2021
Number of Ordinary Shares in issue	**330,100,000**
IFRS NAV per Ordinary Share (US Dollars)	**0.97**
Economic NAV per Ordinary Share (US Dollars)	**1.07**

The IFRS NAV per Ordinary Share and the Economic NAV per Ordinary Share are arrived at by dividing the IFRS NAV and Economic NAV (respectively) by the number of Ordinary Shares in issue.

Catalogues are classified as intangible assets and measured at amortised cost or cost less impairment in accordance with IFRS.

The Directors are of the opinion that an Economic NAV provides a meaningful alternative performance measure and the values of Catalogues owned directly by the Group are based on fair values produced by the portfolio independent valuer.

Reconciliation of IFRS NAV to Economic NAV

	30 June 2021 **US$**
IFRS NAV	**319,314,515**
Adjustments for revaluation of Catalogues to fair value	28,536,633
Reversal of amortisation	8,824,140
Royalty income accruals	(4,025,879)
Economic NAV	**352,649,409**

12. Related Party Transactions and Directors' remuneration

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

The Investment Manager has been identified as a related party as they earn a management fee, performance fee and a portfolio administration fee. Please refer to note 13 for the full details of the fees.

Royalty income receivable from the Investment Manager (see Note 6 for details) is a related party transaction. This balance relates to cash received by the Investment Manager, as portfolio administrator, from collection societies (i.e. from the customers) on behalf of the Company and which has not yet been transferred to the Company as at 30 June 2021.

Loans with related party relates to expense chargebacks with the Investment Manager.

Compensation of Directors

Each Director receives a fee of GBP35,000 (US$48,444) per annum with the Chairman receiving GBP45,000 (US$62,285). The Chair of each of the Audit Committee and the Management Engagement Committee receives an additional GBP5,000 (US$6,915) per annum. The Company Directors' fees for the period amounted to US$271,865 whereby GBP115,000 (US$159,172) of this related to bonuses paid in July 2021. These bonuses were issued to Directors over and above the normal fees payable to the Directors, as per the Articles of Incorporation. The aggregate amount paid and to be paid to Directors does not exceed the maximum limit of equal to GBP300,000 (US$415,230) per annum as per the Articles of Incorporation. At 30 June 2021, of the US$271,865, US$202,278 was still unpaid.

13. Material Agreements

Investment Management Agreement

The Company has entered into the Investment Management Agreement with 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 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 entitled to receive a management fee (payable in cash), and a performance fee (usually payable predominantly in Shares subject to an 18 month lock up arrangement). The full terms and conditions of the calculation of the management fee and performance fees are disclosed in the Company's prospectus. However in summary:

Management Fee

The management fee is calculated at the rate of:

- 1% per annum of the Average Market Capitalisation up to, but not including, US$400 million;
- 0.90% per annum of the Average Market Capitalisation that is between US$400 million and up to and including US$700 million; and
- 0.80% per annum of the Average Market Capitalisation in excess of US$700 million.

Management fees for the period were US$1,788,531 with US$864,592 outstanding at 30 June 2021.

Performance fee

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

The Excess Return on the Performance Fee Calculation Date is the excess (if any) of the Performance Share Price over the higher of: (a) the Performance Hurdle Price (being the Issue Price compounded by 10% per annum from Initial Admission subject to appropriate adjustments in certain situations); and (b) the High Watermark (being the Performance Share Price on the Performance Fee Calculation Date where a Performance Fee was payable or the Issue Price, if a Performance Fee has not yet been paid.

For the purposes of calculating the Performance Fee:
'Performance Share Price' means on the Performance Fee Calculation Date, the average of the daily closing middle market prices for the Ordinary Shares for the 20 London Stock Exchange trading days ending immediately prior to the Performance Fee Calculation Date and (which shall be adjusted as appropriate: (i) to include any dividend declared but not paid where the Ordinary Shares are quoted ex such dividend at any time during the relevant period; (ii) to exclude any dividend paid in respect of the Ordinary Shares during that period; and (iii) for the Performance Adjustments). During the period, the average of the daily closing middle market prices was US$1.0456; and

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

Performance fees for the period were US$304,232 with the full amount outstanding at 30 June 2021.

Portfolio Administration Agreement

Under the terms of the Portfolio Administration Agreement, the Investment Manager has agreed to administer (on behalf of the Company and its subsidiaries) the Copyrights owned by the Group and, subject to the overall supervision of the Board, for the administration and commercial exploitation of the Copyrights. Under the terms of the Portfolio Administration Agreement, the Company will pay to Round Hill 10% of all net income it collects on behalf of the Group.
Portfolio administration fees for the period amounted to US$850,717 of which US$497,707 was outstanding at 30 June 2021.

Administration Agreement

Pursuant to the Administration Agreement, JTC Fund Solutions (Guernsey) Limited has been appointed as Administrator of the Company. The Administrator is responsible for the day-to-day administration of the Company and the subsidiaries which accede to the Administration Agreement including but not limited to and general secretarial functions required. For the purposes of the RCIS Rules, the Administrator is the designated manager of the Company. Investors should note that it is not possible for the Administrator to provide any investment advice to investors.

Under the terms of the Administration Agreement between the Administrator and the Company, the Administrator is entitled to an annual fee of GBP115 000 plus an ad valorem fee of 0.05% calculated on the Company's assets in excess of GBP300 million (plus fees for the subsidiaries) for services such as administration, accounting, corporate secretarial, corporate governance, regulatory compliance and stock exchange continuing obligations.

Administration fees for the period amounted to US$142,589 of which US$15,164 was outstanding at 30 June 2021

Registrar Agreement

JTC Registrars Limited has been appointed as registrar to the Company pursuant to the Registrar Agreement. In such capacity, the Registrar will be responsible for the transfer and settlement of Shares held in certificated and uncertificated form. The Registrar is also entitled to reimbursement of all out-of-pocket costs, expenses and charges properly incurred on behalf of the Company, under the terms of the Registrar Agreement. The Registrar is entitled to an annual fee of the higher of GBP6,000 (US$8,305),, GBP2,500 (US$3,460) per register and GBP 2.00 per Shareholder, together with a UK transfer agent facility fee of GBP2,000 (US$2,768) per annum.

Registrar fees for the period amounted to US$21,093 of which US$2,189 was outstanding at 30 June 2021.

14. Basic and diluted earnings (loss) per Ordinary Share

The loss per Ordinary Share has been calculated on an Ordinary Shares weighted-average basis and is derived by dividing the net loss for the period attributable to the holders of the Ordinary Shares by the weighted-average number of Ordinary Shares in issue.

	30 June 2021 US$
Weighted average of Ordinary Shares in issue	221,754,711
Net loss for the period attributable to the Shareholders	(2,191,714)
Basic and diluted loss per Ordinary Share (US Dollars)	(0.01)

15. Assets measured at fair value

Valuation process

The fair value of financial assets is determined as follows:

Valuation of financial assets at fair value through profit or loss ("financial assets")

The Company's investment in RH Carlin Holdings LLC is measured at fair value based on the NAV of the underlying entity, which itself is calculated in accordance with US GAAP as reported by the underlying manager, and as adjusted for the fair value of the underlying Catalogue as permitted under IFRS given that the Catalogue is held by the underlying entity at cost less accumulated amortisation and impairment. It is deemed appropriate to use the value of the underlying catalogue assets when determining the fair value of the investment, with no significant differences between IFRS and US GAAP in this regard.

The fair value of investment is based on the NAV of the underlying entity, with changes in the fair value of the investment subject to the changes in the value of the underlying catalogue assets valued by an independent external valuer.
This external appraisal in respect of the underlying catalogue valuation, which is reviewed by the Directors, uses the methods described in note 4.

Fair Value Hierarchy

Financial assets designated at fair value through profit or loss are recorded at fair value and are analysed by using a fair value hierarchy that reflects the significance of inputs. The fair value hierarchy has the following levels:
Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 inputs are unobservable inputs for assets or liabilities that are not based on observable market data (that is, unobservable inputs).

As at 30 June 2021 the fair value of financial assets at fair value through profit and loss is based on the 30 June 2021 NAV of the underlying entity, as adjusted for the fair value of its underlying assets.

Reconciliation of recurring fair value measurements categorised within Level 3 of the fair value hierarchy

The following is a reconciliation of the beginning and ending balances for recurring fair value measurements of assets and liabilities that utilise significant unobservable inputs (Level 3) at the reporting date and the date of acquisition.

	Total US$
Cost	
Opening balance	-
Acquisition at 30 April 2021	60,043,204
Gains/(losses) at fair value	(664,193)
Closing balance	**59,379,011**

Significant unobservable inputs and sensitivity analysis

IFRS 13 requires that quantitative information be provided about significant unobservable inputs used in the fair value measurement for each class of Level 3 asset and liabilities. The following data as at 30 June 2021 summarises the valuation methods and information about fair value measurements and related significant unobservable inputs (Level 3) where, if changed, could significantly increase or decrease the valuation of an asset.

The sensitivity to the discount rate used in the valuation of the Catalogues owned by Carlin has the following impact on the Economic NAV of the Company as follows:

-1% discount rate in the valuation of the Catalogues owned by Carlin will grow the fair value of the Company's 29.14% investment in Carlin by 15%, increasing the Economic NAV of the Company by US$9,014,537, which represents an increase of 3% to the Economic NAV per Ordinary Share of the Company.

+1% discount rate in the valuation of the Catalogues owned by Carlin will reduce the fair value of the Company's 29.14% investment in Carlin by 13%, reducing the Economic NAV of the Company by US$7,875,427, which represents a decrease of 2% to the Economic NAV per Ordinary Share of the Company.

16. Investment Income

RH Carlin Holdings LLC ("Carlin")

At 30 June 2021, the Company had 29.14% ownership and voting rights in Carlin. Carlin is a separate legal entity (operating company) which holds Catalogues and generates royalty income.

The following is a summary of distributions received by the Company from Carlin and significant balances obtained from Carlin Financial Statements for the year ended 30 June 2021, and a reconciliation of the fair value of Carlin, which is included in the total value of financial assets designated at fair value through profit or loss:

	30 June 2021 **US$**
Distributions	
Investment income	**1,016,013**

Investment income represents distributions received from Carlin.

17. Dividends declared

The below dividends were declared and paid to holders of fully paid Ordinary Shares in issue at the time of declaration, during the period ended 30 June 2021.

Date of dividend declared	US$ per Ordinary Share	**Total dividend** US$
21 May 2021	0.0075	2,460,750
Total		**2,460,750**

18. Bank loan

	30 June 2021 US$
Truist bank loan	31,681,326
Total	**31,681,326**

The Group has entered into a revolving credit facility (the " **RCF**"), provided by Truist Securities, Inc. ("**Truist**"). The RCF allows the Company to borrow up to 25 percent of Economic NAV, calculated at the point of draw down. The interest rate on the outstanding capital is levied at a fixed rate of 2.25% per annum plus a margin adjustment based on the applicable London interbank offered interest rate during the period. In addition, the RCF levies a commitment fee on the daily unused commitment balance of facility at a rate of 0.375% per annum. The full repayment of the loan is due on the 30 April 2026.

Finance costs of US$214,389 have been recognised in the Interim Consolidated Statement of Comprehensive Income, US$158,222 of this amount relates to the interest expense, with US$56,167 of the total amount relating to amortisation of loan arrangement fee. Loan arrangement fees of US$1,628,726 were paid during the period.

As at 30 June 2021, the fair value of borrowings approximated their carrying value at the date of the Interim Consolidated Statement of Financial Position.

19. Taxes

30 June 2021

	US$ Period ended 30 June 2021
(a) Tax on profit on ordinary activities	$
UK corporation tax on profit for the period	-
Tax on profit on ordinary activities	-

20. Events after the reporting period

On 16 July 2021 the Company issued 86.5 million C Shares at an issue price of US$1 per C Share under the Placing Programme. This resulted in the Company raising proceeds of US$86.5 million.

Immediately following the issue of the C Shares, the total number of Ordinary Shares in issue was 330,100,000 with voting rights and the total number of C Shares in issue was 86.5 million with voting rights.

On 3 August 2021 the Company entered into an agreement to acquire an interest in a music Catalogue from Yes guitarist and prolific film score composer, Trevor Rabin. The Catalogue includes 3,528 film scores and song covers. Completion of the deal was announced on 11 August 2021.

On 3 August 2021, the Company entered into an agreement to acquire the rights to the Robert Thiele music Catalogue, "What a Wonderful World" Catalogue.

On 1 August 2021, the Company entered into an agreement to acquire 100% of the master royalty income from the Catalogue of Dennis Elliot, a British musician and artist, who was the original drummer of the rock group Foreigner. The Catalogue comprises 71 original recordings spanning the first seven Foreigner studio albums. Completion of the deal was announced on 9 September 2021.

On 20 August 2021 the Company announced it had declared a quarterly dividend of US$0.01125 per Ordinary Share to all the holders of the Ordinary Shares. The ex-dividend date was Thursday, 26 August 2021.

On 24 August 2021, the Company entered into an agreement to acquire recorded music income and publishing rights to 30 songs from Tim Palmer, an English record producer, guitarist and songwriter of rock and alternative music. Completion of the deal was announced on 15 September 2021.

On 22 September, RHMRF3 Limited was incorporated in the United Kingdom, it is a wholly owned subsidiary of the Company.

On 1 April 2021, the Company entered into an agreement to acquire 100% of the master royalty income of 532 original recordings from the iconic American R&B group, The O'Jays. Transfer of rights being effective after payment with completion of the deal announced on 28 September 2021.

END

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