

Hipgnosis stock at record low as value of music portfolio sinks

Shares in the troubled UK music investor Hipgnosis Songs Fund hit a record low on Monday after the value of its portfolio was cut and said it had halted investor payouts “for the foreseeable future”.

The FTSE 250 firm said that a review had estimated the fair value of its catalogue, including rights to work by artists including Shakira, Ed Sheeran, Blondie and Red Hot Chili Peppers, at between £1.8bn to just over £2bn.

The sums contained in the report, carried out by its lead adviser Shot Tower, were down by at least a fifth on the value Hipgnosis had reported last September.

Hipgnosis has been mired by troubles since mid last year, including valuation concerns, board and legal battles, and a shareholder revolt against a catalogue sale deal that forced a strategic review.

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The company had said in December it would suspend dividends for at least the remainder of the financial year to the end of March.

It confirmed on Monday that the pause would continue.

About 65% of the company's royalties are currently generated from passive publishing, performance and recorded music income streams.

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That figure is expected to decrease to between 40% and 45% over time, Shot Tower's report said, as additional control rights return to the company upon the expiration of pre-acquisition publishing agreements.

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Shares were trading 14% down at 56p in the wake of the update.