

**Hipgnosis Songs Fund Limited ("Hipgnosis" or the "Company")**

**Acquisition of Big Deal Music, to be rebranded Hipgnosis Songs Group with immediate effect**

The Board of Hipgnosis Songs Fund Limited, the first and only UK listed investment company offering investors a pure-play exposure to songs and associated intellectual property rights, and its Investment Adviser, The Family (Music) Limited, are pleased to announce that the Company has acquired the entire share capital of Big Deal Music Group (the "Acquisition").

Big Deal Music is a boutique full-service song company which owns a portfolio of copyright interests in global hit songs including Shawn Mendes' 'Stitches' and 'Treat You Better', One Direction's 'Story of My Life', Panic at the Disco's 'High Hopes', Niall Horan's 'Slow Hands' and Thomas Rhett's 'Die a Happy Man' all of which are multi-million sellers and amongst the most streamed songs of the last 5 years.

Big Deal Music will be rebranded to Hipgnosis Songs Group effective immediately. Kenny MacPherson will act as CEO of Hipgnosis Songs Group and will report directly to Hipgnosis Songs' Founder, and CEO of the Investment Adviser, Merck Mercuriadis. Kenny is joined by Co-Presidents Casey Robison and Jamie Cerreta and Executive Vice President Dave Ayers (New York) as well as Senior Vice President Pete Robinson (Nashville) all of whom have signed new 5 year contracts.

The consideration for the Acquisition is to be funded from the proceeds of Hipgnosis' equity fundraise in July 2020 and through the issue of 17,609,304 new Ordinary Shares issued at a price of 120.65p per Ordinary Share ("Consideration Shares"). 6,248,351 of the Consideration Shares will be subject to lock up restrictions to 1 October 2020, with 10,123,219 Consideration Shares subject to lock up restrictions to 1 April 2021.

**Merck Mercuriadis, Founder of Hipgnosis Songs Fund Limited and The Family (Music) Limited, said:**

*"Over the last two years it has been my privilege to assemble and work with a world class team of individuals of the highest calibre. With this acquisition, and following the appointment of Ted Cocker and Amy Thomson earlier this week, the scale and quality of people working with me to drive shareholder returns reaches new heights and sets our company on the path for the next chapter of its growth. This is a best in class team and we now have the resource to be on top of every song's destiny all day every day and I'm delighted to welcome Kenny, Casey, Jamie, Dave, Pete and the other 30 plus new team members into the Hipgnosis Family."*

Founded in 2012 by the highly regarded trio of Kenny MacPherson, Jamie Cerreta and Dave Ayers, Big Deal Music Group, like its founders, has become one of the most highly regarded independent music companies in the world, with operations in Los Angeles, New York, and Nashville. Big Deal Music has dedicated itself to the long term career development of its songwriters and artists, building a roster of recognized global successes including Teddy Geiger, Julian Bunetta, John Ryan, Joe London, Kamasi Washington, Sharon Van Etten, Sylvan Esso, Jake Sinclair, Dan Wilson, St Vincent and My Morning Jacket.

Big Deal Music has created and acquired a catalogue of over 4,400 songs, written by over 160 songwriters, now producing predictable and reliable revenue. The catalogue includes songs achieving 5 Grammy Awards, 126 NMPA, BMI and ASCAP awards, and 27 Recording Industry Association of America (RIAA) Certifications. Highlights of the catalogue include:

- Shawn Mendes' 'Stitches', 7x RIAA platinum, 'Treat You Better', 4x RIAA Platinum, and 'Mercy' 3x RIAA Platinum
- Thomas Rhett's 'Die A Happy Man', 5x RIAA Platinum
- Panic at the Disco's 'High Hopes', 3x RIAA Platinum, which was arguably the most synced song of 2019
- One Direction's 'Story of My Life', 3x RIAA Platinum
- Niall Horan's 'Slow Hands', 3x RIAA Platinum
- St Vincent's 'Masseduction' which won the 2019 Grammy Award for "Best Rock Song"

Big Deal Music Group, significantly, also has a US administration function through its Words & Music Brand which will be part of the rebranding as Hipgnosis Songs Group effective immediately. In addition to in-house administration for Big Deal Music's catalogue, Words & Music is also responsible for US administration for several significant third party catalogues including Beggars Music, Mushroom Music Publishing, Gary Numan, Notable Music, Native Tongue, Goo Goo Dolls, Hottie & The Blowfish and Underworld.

The Acquisition represents a key part of Hipgnosis Songs Fund and The Family (Music) Limited's strategy of building a diversified portfolio by acquiring catalogues built around proven hit songs of cultural importance, and on delivering income and capital growth by pursuing efficiencies in the collection of payments and active management of songs. The Acquisition provides a substantial catalogue of over 4,400 songs as well as a full service music platform, bringing significant expertise and resource for managing and promoting the Company's growing portfolio.

Big Deal Music's catalogue of highly successful and influential songs across multiple genres, producing a predictable and reliable long-dated income stream, is highly complementary to Hipgnosis' existing portfolio. In particular, the Acquisition consolidates Hipgnosis' ownership over hit songs including Shawn Mendes' 'Stitches', 'Treat You Better' and 'Mercy'; Panic! At The Disco's 'High Hopes', One Direction's 'Story of My Life' as well as over 30 other songs performed by the group; and Niall Horan's 'Slow Hands'. By acquiring additional copyright interests in these songs, the Company increases its control to successfully manage and promote the songs.

In addition, the Acquisition provides Hipgnosis with a full service US music platform which is expected to enhance royalty income from its growing portfolio of songs, create new songs at an attractive cost and provide in-house US administration, and therefore increase control over its portfolio's income.

Big Deal Music has a highly experienced team of 35 employees who have worked together for the last eight years with a proven track record of identifying and developing new songwriters and artists as well as promoting and marketing songs. This team, led by CEO Kenny MacPherson, brings world

class Song Management experience to further enhance the Investment Adviser's already established UK team.

Big Deal Music's in house US administration is expected to have the following benefits in due course:

- Greater control of, and reduced, third party administration costs;
- Faster collection of royalty income;
- Creation of a direct relationship with Digital Service Providers (such as Spotify, Apple Music, Tencent, etc) to allow Hipgnosis to leverage its Portfolio to obtain better rates;
- Receiving credit for the portfolio's market share in royalty settlements (e.g. Peloton / Facebook) and black box income. Hipgnosis' share of settlements is currently bundled into third-party administrators' market shares.

The Acquisition will also provide Hipgnosis with a Song Creation platform enabling the Company to create new song copyrights at a low cost with potential to turn into evergreen catalogue. The Board and Investment Adviser believe, that whilst this will be a small part of Hipgnosis' overall business, it is highly complementary of the Company's core activity of acquiring existing copyrights and will deliver attractive Shareholder returns.

The Acquisition includes ongoing joint ventures with The Big Family - with Julian Bunetta, John Ryan and Damon Bunetta; Nice Life - with Ricky Reed, Larry Wade and Brad Haering; Mad Decent - with Diplo and Kevin Kusatsu; and the And The Writer Is podcast - with Ross Golan, Joe London and Megahouse Music.

In connection with the Acquisition, the Company has made a non-material change to its investment policy to permit the advance of monies to Songwriters in connection with the acquisition of, and secured against, rights to future Songs written by such Songwriter. The aggregate amount of such advances is limited to 5 per cent of the Company's Gross Assets, calculated at the date of making the relevant advance. No other changes are being made to the investment policy.

Application has been made in respect of 17,609,304 Ordinary Shares to be admitted to the premium listing segment of the Official List and to trading on the London Stock Exchange's main market for listed securities ("Admission"). It is expected that Admission will become effective and that dealings in the Ordinary Shares will commence at 8.00 a.m. (London time) on 11 September 2020.

Following Admission the Company will have 633,461,191 Ordinary Shares and 236,400,512 C Shares in issue. The C Shares carry the right to receive notice of, attend and vote at general meetings of the Company. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights of the Company will be 869,861,703 and this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or a change to their interest in, the Company under the FCA's Disclosure Guidance and Transparency Rules.

Hipgnosis Songs Fund Limited was represented in the acquisition by RBC Capital Markets, LLC lead by Kent Savagian and Agnes Kacicki, Nigel Farr and Adam Hickey at Herbert Smith Freehills, Tim Mandelbaum and Loren Danzis at Fox Rothschilds, Ogier and Deloitte.

Big Deal Music Group was represented in the transaction by Shot Tower Capital led by David Dunn and Rob Law; Wallace E. Christner and Rebecca J. Newman at Venable LLP and Elliot Groffman and Paul Gutman at Carroll Guido Groffman Cohen Bar & Karalian, LLP.

**Merck Mercuriadis, Founder of Hipgnosis Songs Fund Limited and The Family (Music) Limited, said:**

“Big Deal Music has become one of the most important boutique song companies in the world over the last 8 years. They identify exceptional songwriters at a very early stage, make a modest capital investment and then work hard to put them in rooms with the best established songwriters and artists in the world resulting in placements, hits and exceptional returns. This has resulted in a very attractive catalogue that complements our existing acquisitions perfectly. Inherent within that endeavor is a proven team of 35 people operating at the height of their powers on what I call Song Creation, Song Administration and Song Management who are now going to be working hard on the Hipgnosis Songs Catalogue 24/7 delivering efficiencies, expertise and opportunities in conjunction with our global team. It’s no surprise that we have found this perfect complement with Kenny MacPherson who has been one of the finest executives and advocates for the songwriting community for more than 35 years. He is an exceptional addition to our global team as are Casey Robison, Jamie Cerreta, Dave Ayers and Pete Robinson. They are a team with real chemistry that has been firing on all cylinders for more than a decade. I have always been clear that I believe we have an important responsibility with regard to our culturally important songs and the gold standard songwriters that have entrusted them to us. We shall now take what is the broken traditional music publishing model and replace it with our concept of Song Management where we nurture, love and get the most out of our songs by putting the most into them. Kenny and his team are enthusiastic about our Song Management philosophy and our mutual passion and expertise is a perfect storm when combined with our evergreen catalogue. This is an important move in the evolution of Hipgnosis Songs in our ability to deliver on the promise of Song Management not only globally but now in the heart of the world’s biggest music market. I’m very excited about not only the results but also the transformation in the Song community that will be delivered by Kenny, Casey, Jamie, Dave and Pete along with Ted Cockle and Amy Thomson. This is a truly special team.”

**Kenny MacPherson, said:**

"Collectively my partners and I have spent our careers identifying and nurturing some of the most iconic songwriters in contemporary music and creating value for our investors. Over the last 8 years at Big Deal Music my partners and I built a meaningful cultural legacy by assembling an incredible group of artists and label partners and world class songwriters. We look forward to bringing those creators and their enormous talent with us as we join Merck and his team at Hipgnosis. What Hipgnosis has assembled in such a short time is truly remarkable – a catalogue of over 13,000 compositions from some of the most important creators in the history of music. My team and I look forward to bringing all of our experience to bear to unlock more value in these catalogues and continue to build on the amazing work that Merck and his team have already done at Hipgnosis.”

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**NOTES TO EDITORS****About Hipgnosis Songs Fund Limited**[www.hipgnosissongs.com](http://www.hipgnosissongs.com)

Hipgnosis, which was founded by Merck Mercuriadis, is a Guernsey registered investment company established to offer investors a pure-play exposure to songs and associated musical intellectual property rights. The Company has raised a total of over £860 million (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent issues in April 2019, August 2019, October 2019 and July 2020. In September 2019, Hipgnosis transferred its entire issued share capital to the Premium listing segment of the Official List of the FCA and to the London Stock Exchange's Premium segment of the Main Market.

**About The Family (Music) Limited**

The Company's Investment Adviser is The Family (Music) Limited, which was founded by Merck Mercuriadis, former manager of globally successful recording artists, such as Elton John, Guns N' Roses, Morrissey, Iron Maiden and Beyoncé, and hit songwriters such as Diane Warren, Justin Tranter and The-Dream, and former CEO of The Sanctuary Group plc. The Investment Adviser has assembled an Advisory Board of highly successful music industry experts which include award winning members of the artist, songwriter, publishing, legal, financial, recorded music and music management

communities, all with in-depth knowledge of music publishing. Members of The Family (Music) Limited Advisory Board include Nile Rodgers, The-Dream, Giorgio Tuinfort, Starrah, Nick Jarjour, David Stewart, Bill Leibowitz, Ian Montone, Jason Flom, Rodney Jerkins, Bjorn Lindvall and Chris Helm.