

2 November 2020

Hipgnosis Songs Fund Limited (“Hipgnosis” or the “Company”)

Acquisition of Portfolio of Catalogues

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 acquired, as at 30 September 2020, a portfolio of 42 Catalogues (the “Portfolio”) from Kobalt Music Copyrights S.à.r.l., an investment fund owned by family offices and institutional investors and advised by Kobalt Capital Limited, for a total consideration of \$322.9 million (the “Acquisition”). The consideration, net of right to income, represents a blended acquisition multiple of 18.3x historic annual income and was funded with the net proceeds from the Company’s September equity fundraising together with the Company’s existing leverage facility.

In total, the Portfolio’s 42 Catalogues include over 33,000 Songs written by over 1,500 Songwriters across a broad range of genres including Pop, Rock, EDM, Hip Hop, Jazz and Country. The Portfolio will generate a highly stable and predictable income stream, which grew by 6% to \$18 million in 2019 as well as increase the Company’s diversification.

Following the Acquisition, the Hipgnosis Songs Fund Limited total portfolio comprises 117 Catalogues, and 57,000 Songs, with an aggregate acquisition value of £1.18 billion representing a blended acquisition multiple of 14.76x historic annual income, net of right to income**.

The Portfolio includes some of the most successful, influential and timeless hit songs of the last 60 years including ‘Go Your Own Way’ and ‘The Chain’ by Fleetwood Mac, ‘All I Want For Christmas Is You’ and ‘One Sweet Day’ featuring Boyz II Men by Mariah Carey, ‘Bailando’ and ‘Hero’ by Enrique Iglesias, ‘Higher Love’ by Steve Winwood, ‘Roar’ and ‘Teenage Dream’ by Katy Perry, ‘Gimme Some Lovin’ by The Spencer Davis Group, ‘Can’t Find My Way Home’ by Blind Faith, ‘Never Give Up on a Good Thing’ by George Benson, ‘Bad to the Bone’ by George Thorogood, ‘Halo’ by Beyoncé, ‘Love Shack’ by the B-52s, ‘In Da Club’ by 50 Cent, ‘Sorry’ by Justin Bieber, ‘Don’t You Worry Child’ by Swedish House Mafia, ‘Hot In Herre’ by Nelly, ‘Sugar’ by Maroon 5 and ‘Let It Go’ by Demi Lovato from Disney’s Frozen Soundtrack.

The Portfolio includes songs made famous by 10,000 Maniacs, 2Pac, 50 Cent, Alan Jackson, Alicia Keys, Andrea Bocelli, Anitta, Anthony Hamilton, Avicii, B-52s, Backstreet Boys, Barbra Streisand, Bebe Rexha, Beyoncé, Biffy Clyro, Big & Rich, Birdy, Blind Faith, Boyz II Men, Britney Spears, Celine Dion, Charli XCX, Chris Brown, Christina Perri, Damian Marley, Dave Matthews Band, David Gray, Demi Lovato, Destiny’s Child, Dierks Bentley, Dua Lipa, Ellie Goulding, Eminem, Enrique Iglesias, Eric Prydz, Fleetwood Mac, Flo-Rida, Florida Georgia Line, George Benson, George Thorogood, Gladys Knight, Halsey, Iggy Azalea, Jason Aldean, Jason Derulo, Jennifer Lopez, Jimmy Buffett, Josh Groban, Juicy J, Justin Bieber, Katy Perry, Keith Urban, Kelly Clarkson, Kelly Rowland, Killswitch Engage, Kylie Minogue, Lauv, LeAnn Rimes, Lindsey Buckingham, LunchMoney Lewis, M.I.A., Marc Anthony, Maren Morris, Mariah Carey, Maroon 5, Mary J Blige, Massive Attack, Matchbox Twenty, Matt & Kim, Meek Mill, Meghan Trainor, MF Doom, Michael Bolton, Miley Cyrus, Moses Sumney, Natalie Merchant, Nelly, Nicki Minaj, New Kids On The Block, Olafur Arnalds, One Direction, P!nk, Paloma Faith, Panic! At The

Disco, Papa Roach, Paul Anka, Perfume Genius, P!ink, Pitbull, Puff Daddy, Rick Ross, Ricky Martin, Rita Ora, SZA, Santana, Sawyer Brown, Seal, Selena Gomez, Sigma, Sigala, Sinead O' Connor, Skrillex, Sky Ferreira, Spencer Davis Group, Steve Aoki, Steve Winwood, Sum 41, Super Furry Animals, Swedish House Mafia, T-Pain, T.I., Taio Cruz, Taylor Swift, Teenage Fanclub, The Editors, The Outfield, The Wombats, Third Day, Tiesto, Timbaland, Tim McGraw, Tina Arena, Tinie Tempah, Toby Keith, Tom Jones, Tom Walker, Toto, Traffic, Trey Songz, Trivium, Troye Sivan, Ty Dolla \$ign, Usher, Waka Flocka Flame, Weezer, Westlife, Whitney Houston, Young The Giant, Zara Larsson, Zedd.

The top Catalogues in the Portfolio include:

Lindsey Buckingham

Lindsey Buckingham is best known as the lead guitarist of Fleetwood Mac, with whom he was inducted into the Rock and Roll Hall of Fame in 1998. His Catalogue features some of the most iconic rock albums and songs ever written including Fleetwood Mac's seminal album 'Rumours' which having sold over 45 million copies worldwide is one of the bestselling albums of all time. The Catalogue also comprises Lindsey Buckingham's solo songs and work on Fleetwood Mac's 'Fleetwood Mac', 'Tusk', 'Mirage', 'Tango in the Night' and 'Say You Will'. In total his work with Fleetwood Mac, as a solo artist and with Christine McVie, has sold over 125 million copies.

Steve Winwood

The Portfolio includes the entire back Catalogue of singer-songwriter and legendary musician Steve Winwood including his work as a solo artist as well as that with The Spencer Davis Group, Traffic, and Blind Faith. Over the course of his six decade career Steve Winwood sold over 75 million records and has been honoured with an induction into the Rock and Roll Hall of Fame in 2004 and with a BMI Icon Award in 2005. The Catalogue includes the hit songs 'Higher Love' which reached Number 1 in the US in 1986 winning two Grammy awards, and in 2019 became a hit all over again with Kygo and Whitney Houston's cover version reaching Number 2 in the UK and the Top 10 all over the world, and achieving platinum certification in 6 countries; 'Gimme Some Lovin' by The Spencer Davis Group which was named by Rolling Stone magazine as one of "The 500 Greatest Songs of All Time"; 'Can't Find My Way Home' by Blind Faith, 'The Low Spark Of High Heeled Boys' by Traffic and many of the most influential Rock songs of the 60's and 70's as well as 'Valerie' which reached the Top 10 in the US and was sampled on Eric Prydz UK Number 1 'Call On Me'.

B-52s

The B-52s are an iconic American new wave / pop band formed in the mid-1970s. Their 1989 hit song 'Love Shack' reached the Top 5 of the US and UK singles charts and was named by Rolling Stone both as the Best Single of 1989 and was included on their list of "The 500 Greatest Songs of All Time". The Catalogue also includes their break through single 'Rock Lobster' and the US Top 5 hit 'Roam'.

Walter Afanasieff

Walter Afanasieff is a Grammy-Award winning musician, songwriter and record producer best known for his long association with Mariah Carey. Most notably the Catalogue includes Mariah Carey's 'All I Want For Christmas Is You' which having sold over 16 million copies is one of the biggest selling singles of all time. 'All I Want For Christmas Is You' has become one of the best-selling and most recognisable

Christmas songs reaching Number 1 of the Billboard Hot 100 in December 2019. Walter Afanasieff's Catalogue, which includes 150 works spanning multiple decades, also includes Gladys Knight's 'Licence to Kill' from the 1989 James Bond soundtrack; Mariah Carey and Boyz II Men's 'One Sweet Day' which topped the Billboard Hot 100 chart for a then record 16 weeks becoming the 9th best charting single of the 1990s; and Mariah Carey's 'My All' which reached Number 1 and is certified platinum in the US.

50 Cent

50 Cent is one of the most successful rap artists of all time having sold over 30 million albums worldwide and won numerous awards, including a Grammy Award, 13 Billboard Music Awards, six World Music Awards and three American Music Awards. 50 Cent's US Number 1 album 'Get Rich or Die Tryin' was the biggest selling album of 2003 in the US and was named "Top Billboard 200 Album" at the 2003 Billboard Music Awards. 'Get Rich or Die Tryin' included the US Number 1 singles 'In Da Club' and '21 Questions' while 'P.I.M.P.' was a Number 1 hit in several countries. 'In Da Club' has been named by Billboard as Number 24 in their "Hot 100 Songs of the Decade" chart and by Rolling Stone as Number 13 in their "Best Songs of the Decade" chart. The Catalogue also contains 50 Cent's Grammy nominated album 'The Massacre' which topped the US album charts and is certified 6x platinum in the US having sold over 1.1 million copies in its first week and featured the hit single 'Candy Shop' which reached Number 1 on the Billboard Hot 100 and was certified platinum in both the US and UK.

Bonnie McKee

Bonnie McKee is a singer and prolific songwriter, having written 10 UK and US Number 1 singles, which have sold more than 30 million copies worldwide and is best known for her collaboration with Katy Perry. With Katy Perry, Bonnie McKee wrote the record breaking single 'Roar'. 'Roar' reached Number 1 in 12 countries including the US where it is certified diamond having sold over 6.5 million copies and the UK where it sold over 1 million copies. In February 2020 the song passed three billion views on YouTube making it the first female-centered video to reach the milestone. With Katy Perry, Bonnie McKee also wrote 'California Gurls' featuring Snoop Dog which topped the singles chart in 8 countries including the US where it is 8x platinum certified; as well as the Number 1 hits 'Teenage Dream', 8x platinum in the US; 'Last Friday Night', 6x platinum in the US; 'Part of Me', 4x platinum in the US; and 'Wide Awake', 5x platinum in the US. The Catalogue also includes the US Number 1 hit 'Dynamite', by Taio Cruz, which is the second bestselling song in the US by a British artist in the digital era having sold over six million copies and 'How We Do (Party)' by Rita Ora which topped the UK singles chart.

George Benson

George Benson is an iconic jazz guitarist who has been awarded an incredible 10 Grammy Awards since rising to prominence in the 1960s. Over his career, George Benson has released an astonishing 15 albums which have topped the Billboard US Jazz chart including the Billboard Hot 200 Number 1 'Breezin'', which is certified 3x platinum in the US, and his 1978 live album 'Weekend in L.A.' which is certified platinum.

Skrillex

Skrillex is one of the most acclaimed EDM artists of all time having won eight Grammy Awards. Skrillex rose to mainstream success in 2010 with his EPs 'Gypsyhook', 'My Name is 'Skrillex' and 'Scary

Monsters and Nice Sprites', which has sold over one million copies and included the hit single of the same name which is certified as 2x platinum in the US. The Catalogue includes his work as a solo artist including his hit EP 'Bangerang' featuring Sirah which is certified 3x platinum in the US as well as the platinum certified singles 'First of the Year (Equinox)'; 'Kyoto'; 'Purple Lamborghini' featuring Rick Ross; and 'Make It Bun Dem' by Skrillex and Damian "Jr. Gong" Marley. The Catalogue also includes his work as a writer, most notably collaborating with Justin Bieber to co-write and produce his chart topping single 'Sorry' which reached Number 1 in 13 countries including the US and UK, where it has achieved 9x and 4x platinum status respectively, and is one of the bestselling digital music releases with over 10 million in sales in 2016 alone.

Savan Kotecha

Savan Kotecha is an iconic pop songwriter and record producer who has been awarded nine BMI Awards, 18 ASCAP Awards and whose songs have sold more than 375 million copies worldwide. The Savan Kotecha Catalogue adds the early half of his repertoire to Hipgnosis' existing interest in his Catalogue, which was announced on 20 December 2019, and adds hit songs from One Direction, Westlife, Britney Spears and Leona Lewis to the Company's portfolio. Notably the Catalogue includes the UK Number 1 'What Makes You Beautiful' as well as 'One Thing' by One Direction both of which are certified platinum in the US; and the US 8x platinum certified 'DJ Got Us Fallin' in Love' by Usher featuring Pitbull.

Nelly

Nelly has been named by the Recording Industry Association of America as the fourth best-selling rap artist in US history with over 21 million albums sold and by Billboard as the third most successful act of the 2000s. Nelly's debut album 'Country Grammar' topped the US Billboard Hot 200 chart for five consecutive weeks going on to become certified Diamond in the US where it is the 10th bestselling rap album of all time. 'Country Grammar' featured the US Number 1 single 'Ride Wit Me' as well as the Top 5 hit 'Country Grammar (Holy Shit)' and the Top 15 hit 'E.I.'. Nelly's follow up album 'Nellyville' debuted at Number 1 on the Billboard Hot 200 album chart where it stayed for four weeks, and has sold over 6.5 million copies in the US making it the 14th bestselling rap album of all time. 'Nellyville' included the US Number 1 and multi-platinum certified singles 'Hot in Herre' and 'Dilemma' featuring Kelly Rowland. His albums 'Sweat' and 'Suit', which were released simultaneously, debuted at Number 2 and Number 1 of the Billboard Hot 200 respectively. The albums included the US Top 5 and UK Number 1 hits 'My Ride' and 'Over and Over' which features American country music singer Tim McGraw, as well as the UK Top 10s 'Flap Your Wings' and "'N' Dey Say'.

Nettwerk

The Portfolio includes a prime Catalogue of approximately 18,000 songs developed and acquired by Nettwerk's publishing division over the past 30 years featuring the works of iconic and influential bands such as Teenage Fanclub and Super Furry Animals. It also includes some of the most important active songwriters in the world including Stefan Johnson who has hit big with 'Break My Heart' by Dua Lipa, which went to Number 1 in The US and Top 10 all over the world; 'Memories' by Maroon 5 which is certified platinum in 11 countries including 3x platinum in the US; 'Graveyard' by Halsey which reached the Top 40 in fifteen countries and is certified platinum in the US; 'The Middle' by Zedd, Maren Morris and Grey which was nominated for three Grammy awards and reached Number 1 on the US

Adult Contemporary, Adult Top 40, Mainstream Top 40 and Hot Dance/Electric Songs charts. Other hits in the Catalogue include 'Rich' by Maren Morris which reached Number 4 on the US Country Airplay Chart and is certified platinum in the US; 'If It Ain't Love' by Jason Derulo which has been streamed nearly 200 million times; 'In Too Deep' by Sum 41 which reached Number 1 on the UK Rock and Metal Chart and is certified platinum in the UK; as well as 'Body On Me' by Rita Ora featuring Chris Brown and 'Somebody Like You' by Keith Urban, both of which have been streamed 100 million times.

The Portfolio also includes the following Catalogues:

Catalogue	Top Songs in Catalogue
Dierks Bentley	'Drunk on a Plane'* , 'Black', 'Sideways' & 'I Hold On'* by Dierks Bentley
Third Day	'Cry Out To Jesus', 'Soul On Fire', 'Your Love Oh Lord', 'Your Words' by Third Day
Rock Mafia	'Love You like a Love Song'* & 'The Heart Wants What It Wants'* by Selena Gomez ; 'See You Again' by Miley Cyrus
Mark Batson	'Just Lose It'* & 'Encore'* by Eminem ; 'Comin' From Where I'm From'* by Anthony Hamilton
Eman	'What's Left of Me' by Nick Lachey ; 'Inconsolable' by Backstreet Boys ; 'Crush' by David Archuleta ; 'Let It Go'* by Demi Lovato from Frozen soundtrack
Christina Perri	'Jar of Hearts'* & 'A Thousand Years'* by Christina Perri
Good Soldier	'Bubbles' by Biffy Clyro ; 'Moving To New York' by The Wombats ; 'Wild Horses' by Birdy ; 'Back in the World' by David Gray
PRMD	'Sleepless & Blind Heart' by Cazzette ; 'City Lights' by Avicii ; 'Save Me' by Wiktoria
Lateral	'Don't You Worry Child'* by Swedish House Mafia ; 'This is How We Do'* by Katy Perry ; 'Fancy'* by Iggy Azalea
John Rich	'Lost in This Moment', 'Save a Horse (Ride a Cowboy)' and 'Horse of a Different Color' by Big & Rich
Editors	'Munich', 'Blood' & 'Smokers Outside the Hospital Doors' by Editors
George Thorogood	'Bad to the Bone', 'I Drink Alone' & 'One Bourbon, One Scotch, One beer' by George Thorogood
Rob Hatch	'Beautiful Every Time' by Lee Brice ; 'If Heaven Wasn't So Far Away' by Justin Moore ; 'Shinin' on Me' by Jerrod Niemann
LunchMoney Lewis	'Bills'* , 'Whip It!' & 'Ain't Too Cool' by LunchMoney Lewis
Evan Bogart	'Halo' by Beyonce ; ; 'Love Me Down' by Britney Spears ; 'It Girl'* by Jason Derulo
J-Kash	'I Don't Mind'* by Usher ; 'I Got You'* by Bebe Rexha ; 'Sugar'* by Maroon 5
Kojak	'Right Round'* by Flo Rida ; 'Rock Me' by One Direction ; 'Va Va Voom' by Nicki Minaj
Lyrica Anderson	'Pyramid'* by Charice ; 'All Night Long' by Demi Lovato ; 'Together' by Demi Lovato
Yaslina	'Sober' by P!nk ; 'Bad Girls' by MIA ; 'Gimme More' by Britney Spears
1916	'Body on Me' by Rita Ora ft. Chris Brown ; 'It Was Always You' by Maroon 5
Aristotracks	'Higher' by The Saturdays ; 'Reset' by Tina Arena ; 'Alive' by Natalie Bassingthwaighte
Brill Building	'Don't Give Up On Me' by Andy Grammer; 'Youth', 'What a Heavenly Way To Die' & 'Dirty talk' by Troye Sivan

MoBens	'Hurts So Good' by Astrid S ; 'Good For You' by Selena Gomez ft. A\$AP Rocky; 'Fire Bird' by Roselia
Stereoscope	'What Lovers Do' by Maroon 5 ft. SZA ; 'Black Car' by Miriam Bryant
Timeflies	'I Choose U', 'All the Way' & 'Worse Things Than Love' by Timeflies
Holy Ghost!	'Do It Again', 'Wait & See' & 'Hold My Breath' by HolyGhost!

* Songs which were Number 1 Singles, or certified platinum, in UK or US

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

“Hipgnosis has had a special relationship with Kobalt Music since its inception so it’s only natural that we would eventually make a deal like this for Kobalt Capital’s inaugural fund. Willard, Johan and Laurent have curated a wonderful portfolio of proven songs that is incomparable with almost anything other than the Hipgnosis Songs catalogue which it complements beautifully. They are both small catalogues with songs of great cultural importance and an incredibly high degree of success within them from amongst the most important songwriters and artists in music’s rich history. I’m incredibly proud to welcome the iconic songs of Steve Winwood, Lindsey Buckingham, Bonnie McKee, Walter Afanasieff, George Benson, Enrique Iglesias, the B-52s, 50 Cent, Christina Perri, George Thorogood, Skrillex, Evan Bogart, J-Kash, Dierks Bentley, Savan Kotecha, LunchMoney Lewis, Eman Kyriakou, John Rich, Simon Neil / Biffy Clyro, Lateral, Mac Powell / Third Day, Mark Batson, David Gray, Tim James and Antonina Armato / Rock Mafia , Stefan Johnson and so many other incredible songwriters to the Hipgnosis Family. They’ve written iconic songs for Fleetwood Mac, Steve Winwood, Traffic, Blind Faith, Mariah Carey, Eminem, George Benson, B-52s, 50 Cent, Katy Perry, Beyoncé, One Direction, Big & Rich, Maroon 5, Dierks Bentley and so many more. These special songs that have had such extraordinary success have a lot more joy to bring the world and we look forward to working with these phenomenal creators in taking their songs to new heights while protecting their legacies. Thank you to Willard, Johan and Laurent and we look forward to working with Kobalt Music as our administrator on these important works.”

Willard Ahdriz, Founder & Chairman of Kobalt and Chief Investment Officer of Kobalt Capital Limited, said:

“When we started KCL in 2010, it was the world’s first regulated music royalties fund, offering clients our unique, transparent service and giving them comfort that we could provide a long-term commitment to administer their works if they wanted to sell their copyrights.

“Today, I am pleased to say that we have delivered on our promises to both our clients and our investors. The KCL advisory board has agreed to sell our first fund to Hipgnosis. The decision to sell to Merck and Hipgnosis was an easy one as we know them so well and the copyrights will be well taken care of under a long-term administration arrangement with Kobalt Music Group.”

Laurent Hubert, Chief Executive Officer, Kobalt Music Group, said:

“Since 2018, Hipgnosis has been a client and as Merck continues to grow his Catalogue of songs, one thing will remain constant: Kobalt will continue to deliver best-in-class publishing admin services.”

Johan Ahlstrom, Chief Executive Officer, Kobalt Capital Limited, said:

“We are pleased to sell this select portfolio to Hipgnosis and deliver our clients a great return on their investment in music. As the industry continues to grow, KCL will continue to be active in acquisitions and advise across our funds for our clients and investors.”

*** The blended acquisition multiple for the Company's portfolio will be reported net of the right to income as this reflects the net purchase price paid. Excluding right to income the blended acquisition multiple of the Company's portfolio following the acquisition is 15.14x*

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About Hipgnosis Songs Fund Limited

(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 £1.05 billion (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent issues in April 2019, August 2019, October 2019, July 2020 and September 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, and in March 2020, became a constituent of the FTSE 250 Index.

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, Rodney Jerkins, Bjorn Lindvall and Chris Helm.