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

Proposed Change to Articles of the Company

The Board of Hipgnosis Songs Fund announces that it will publish a circular (the "**Circular**") to propose that the Articles of the Company are amended, by way of a special resolution (the "**Resolution**"), to enshrine the payment of a fee, at the Board's discretion, of up to £20 million (in aggregate) by the Company to any prospective bidder(s) who approaches the Board seeking to make an acquisition of the assets of the Company on terms recommendable by the Board to shareholders.

Introduction and Background to the Proposal

At the Company's Annual General Meeting convened on 26 October 2023, shareholders of the Company ("**Shareholders**") overwhelmingly voted against the Company continuing its business as a closed-ended investment company.

Shareholders also overwhelmingly voted against the proposed sale of a portfolio of 29 music catalogues for aggregate cash consideration of \$440 million to Hipgnosis Songs Capital ("**HSC**") at the Extraordinary General Meeting held on the same day. HSC is the trading name of Hipgnosis SC IV (Delaware) L.P., a limited partnership represented by its general partner which is indirectly controlled by Blackstone Inc. and advised by Hipgnosis Song Management Limited ("**Hipgnosis Song Management**"). Hipgnosis Song Management is also the Company's investment adviser ("**Investment Adviser**").

Following these shareholder votes, the composition of the Board of directors of the Company underwent significant change to form a Newly Constituted Board. The Newly Constituted Board is conducting a strategic review, announced on 26 October 2023, looking at all options to be considered for the future of the Company, with the aim of maximising value for shareholders.

The Newly Constituted Board has undertaken a substantial investor consultation exercise, having engaged with shareholders holding more than 60% of the Company's shares. One of the key themes of these consultations was shareholders' concern around the Investment Adviser's "**Call Option**", which gives the Investment Adviser the right to purchase the portfolio upon termination of the Investment Advisory Agreement. Shareholders have told the Board that the Call Option constitutes a material conflict of interest for the Investment Adviser and acts as a significant deterrent to any third-party potential offerors who might seek to acquire the Company or its assets. The Board believes that the Investment Adviser's Call Option therefore depresses the potential value of the Company by limiting certain possible opportunities for Shareholder value creation.

The Board therefore proposes that the Articles of the Company are amended, by way of a special resolution, to:

- enshrine the payment of a fee of up to £20 million (in aggregate) by the Company, at the Board's discretion, to any prospective offeror(s) who may approach the Board seeking to

make an acquisition of one or more of its subsidiaries which own the majority of the Company's music assets, and/or all or some of the Company's assets, on terms recommendable by the Board to Shareholders; and

- the extent permissible by UK Takeover Code issued by the Panel on Takeovers and Mergers, as amended from time to time, authorise the payment(s) and/or reimbursement(s) by the Company of up to a maximum aggregate amount of £20 million to bona fide prospective offeror(s) for the entire issued share capital of the Company on terms recommendable by the Board to Shareholders

(together, the "**Proposal**").

The Newly Constituted Board considers that the Proposal will provide significant protection to prospective offerors against their due diligence and acquisition costs, up to a maximum of £20 million (in aggregate), to ensure that they are not deterred from seeking to engage with the Company regarding a recommendable offer for the Company's assets as a result of the terms of the Investment Adviser's Call Option.

The Newly Constituted Board therefore considers that the Proposal will provide greater potential opportunities to maximise value for Shareholders. Specifically in relation to the Proposal, the Newly Constituted Board has consulted with several of the Company's largest shareholders, holding in aggregate more than 35% of the issued share capital and all whom have indicated their support for the Proposal. The Strategic Review is ongoing, and the Board is not actively seeking one or more potential offers for the Company.

Notice of the Extraordinary General Meeting

A circular, containing further details of the Proposal and the Call Option and a notice convening the Extraordinary General Meeting in order to pass the Resolution is expected to be dispatched to Shareholders in due course.

The Circular will set out the background to and reasons for the Proposal and the reasons why the Directors, having consulted its financial adviser and broker Singer Capital Markets, consider the Proposal to be in the best interests of the Company, having regard to the interests of its Shareholders as a whole, and recommend that Shareholders vote in favour of the Resolution as they intend to do in respect of their shareholdings. A further announcement will be published in due course.

Robert Naylor, Chairman of Hipgnosis Songs Fund Limited, said:

"Investors in Hipgnosis Songs Fund overwhelmingly voted for change when they rejected the continuation of the Company and the proposed sale of certain music assets.

"From our shareholder consultation, core to the requirement for change is addressing the Call Option held by our Investment Adviser, Hipgnosis Songs Management. This not only acts as a structural conflict between the interests of our shareholders and the Investment Adviser, but also creates a significant deterrent to potential bidders for the Company's assets thereby depressing the value of the Company.

"It is against this backdrop that we are proposing to change our Articles to allow potential bidders to put forward their proposals for the Company's assets, with significant cost protection, if

supported by a Board recommendation to shareholders. We are pleased, having discussed this proposal with many of our largest shareholders, that they are supportive of the Board's efforts to unlock the full value from the Company's assets. The newly constituted board believes it is essential to try to level the playing field so shareholder value can be maximised."

The person responsible for making this notification is Robert Naylor, Chairman of Hipgnosis Songs Fund Limited.

For further information please contact:

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