

## **Hipgnosis Songs Fund – UK Tax Strategy**

**Financial year ended 31 March 2022**

*This strategy applies to Hipgnosis Songs Fund Ltd ('Hipgnosis') and all UK entities in its group, specifically those listed in the Appendix.*

### **Context**

Hipgnosis is a Guernsey incorporated investment company established to offer investors a pure-play exposure to songs and associated musical intellectual property rights. Hipgnosis is publicly traded as an investment trust on the London Stock Exchange. Since April 2021, Hipgnosis has been resident in the UK for tax purposes and is recognised as an investment trust under applicable HMRC regulations.

Hipgnosis invests in catalogues of songs and associated musical intellectual property rights and seeks to acquire 100 per cent. of a songwriter's copyright interest in each song, which would comprise their writer's share, their publisher's share and their performance rights. Hipgnosis, directly or indirectly via third-party portfolio administrators, enters into licensing agreements, under which Hipgnosis receives payments attributable to the copyright interests in the songs which it owns. Such payments may take the form of royalties, licence fees and/or advance payments. Hipgnosis focuses on delivering income growth and capital growth by pursuing efficiencies in the collection of payments and active management of the songs it owns within its portfolio.

### **Approach to Compliance**

We comply with tax law and practice in all of the territories in which we operate, including the UK. Compliance for us means paying the right amount of tax in the right place at the right time and involves disclosing all relevant facts and circumstances to the tax authorities and claiming reliefs and incentives where available.

### **Tax planning**

In structuring our commercial activities we will consider – among other factors – the tax laws of the countries within which we operate with a view to maximising value on a sustainable basis for our shareholders. Any tax planning undertaken will have commercial and economic substance and will have regard to the potential impact on our reputation and broader goals. We will not undertake planning that is contrived or artificial.

### **Tax Risk Management**

Given the scale of our business and volume of tax obligations, risks will inevitably arise from time to time in relation to the interpretation of tax law and nature of our compliance arrangements. We proactively seek to identify, evaluate, manage and monitor these risks to ensure they remain in line with the group's risk appetite. Where there is significant uncertainty or complexity in relation to a risk, external advice may be sought.

**Relationship with tax authorities**

We engage with tax authorities, including HMRC, with honesty, integrity, respect and fairness and in a spirit of co-operative compliance. We are prepared to litigate where we disagree with a ruling or decision of a tax authority but will first seek to resolve any disputed matters through pro-active and transparent discussion and negotiation.

This strategy is approved, owned and overseen by the Board on 3 March 2022.

## **Appendix**

### **UK companies in the Hipgnosis group**

- Hipgnosis Holdings UK Limited
- Hipgnosis SFH I Limited
- Hipgnosis SFH XIII Limited
- Hipgnosis SFH XIX Limited
- Hipgnosis SFH XX Limited
- RubyRuby (London) Limited
- Kennedy Publishing & Productions Limited
- Deamon Limited
- PB Songs Ltd