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

Initiation of a Strategic Review

Amendment of the Revolving Credit Facility Agreement

19 October 2023

Initiation of a Strategic Review

The Board of Hipgnosis Songs Fund Limited announces that it has decided to initiate a strategic review (the “**Strategic Review**”).

This decision follows extensive engagement over recent weeks with shareholders in light of the forthcoming Continuation Resolution and First Disposal Resolution. These meetings highlighted a continued belief in the Company’s portfolio and growth prospects of the asset class as well as the need for changes by the Company in order to deliver value for shareholders.

The Strategic Review will look at all options to be considered for the future of the Company with the aim of maximising value for shareholders including, among other things, a review of the future management arrangements of the Company.

The Board continues to recommend voting in favour of the Continuation Resolution, believing it is in shareholders’ interest to have a Strategic Review with the widest array of options for the Company to consider and to identify changes that will focus on recovering and delivering improved shareholder value.

In addition, the Board continues to recommend voting in favour of the First Disposal Resolution in order to realise proceeds to reduce leverage and undertake a share buyback, and notes that the Go-Shop process to seek a potential superior offer remains ongoing.

The Board has commenced the process to identify a new Chair for the Company and has appointed an executive search firm, with a view to announcing a new Chair at the earliest opportunity. As mentioned in the Company’s recent annual results and following individual discussions with each Director, a timetable has been set for the phased retirement and, if appropriate, replacement of the Directors in place since IPO.

In light of the Strategic Review, the Board has looked at making changes to the Investment Advisory Agreement:

- It has considered serving notice on the Investment Adviser to terminate the Investment Advisory Agreement, but concluded that it is not currently in shareholders’ interests to do so, as it would be an event of default under the Revolving Credit Facility if the Investment Advisory Agreement terminates in circumstances where a new investment adviser has not been approved by lenders. The Investment Advisory Agreement can be terminated, other than for cause, by the Company on

not less than 12 months' notice, with an additional one-time termination fee equal to one year's advisory fee calculated on NAV as at the termination date.

- The Board has asked the Investment Adviser to remove the clause in the Investment Advisory Agreement related to the call option entitling it to acquire the Company's portfolio on termination of its contract, which the Investment Adviser has declined to accept.

In light of this announcement and in advance of the Continuation Resolution, the Board will be undertaking a further round of engagement with shareholders.

For the avoidance of doubt, the Strategic Review does not envisage any offer for the Company, recommended or otherwise, under the City Code on Takeovers and Mergers.

Amendment of the Revolving Credit Facility Agreement

Following the announcement on 16 October 2023, the Company's lenders have agreed to amendments to the Revolving Credit Facility to return the Company to compliance with the Fixed Charge Cover Ratio covenant.

Except as otherwise defined, capitalised terms in this announcement have the meaning given to them in the Company's circular published on 28 September 2023.

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

For further information please contact:

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