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The contents of this Document are not to be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own solicitor, independent financial adviser or tax adviser for legal, financial or tax advice. Shareholders should rely only on the information in this Document. No person has been authorised to give any information or make any representations other than those contained in this Document and, if given or made, such information or representations must not be relied on as having been authorised by the Company.

If you sell or have sold or otherwise transferred all of your Ordinary Shares in the Company, you should immediately send this Document and any accompanying documents, but not the accompanying personalised Forms of Proxy, to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. If you have sold only part of your holding of Ordinary Shares in the Company, please consult the stockbroker, bank or other agent through whom the sale or transfer was effected immediately. If you received this Document from another Shareholder, as a purchaser or transferee, please contact the Registrar for Forms of Proxy.

This Document does not constitute an offer or invitation to any person to subscribe for or purchase any securities in Hipgnosis Songs Fund Limited.

This Document, together with the accompanying Forms of Proxy, should be read as a whole. Your attention is drawn to the “Letter from the Chair” set out in Part 1 of this Document, which contains the unanimous recommendation from the Board that Shareholders vote in favour of the First Disposal Resolution to be proposed at the Extraordinary General Meeting and each of the AGM Resolutions to be proposed at the 2023 Annual General Meeting, in each case as referred to below. This Document should be read in conjunction with the accompanying Forms of Proxy and the definitions set out in this Document.



HIPGNOSIS SONGS FUND

HIPGNOSIS SONGS FUND LIMITED

(an investment company limited by shares incorporated under the laws of Guernsey with registered number 65158)

Registered Office: P.O. Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY

Proposed Related Party Transaction, Notice of 2023 Annual General Meeting and Notice of Extraordinary General Meeting

Notices of the Extraordinary General Meeting and the 2023 Annual General Meeting of Hipgnosis Songs Fund Limited to be held on 26 October 2023 at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY are set out in Part 6 and Part 7 of this Document. The 2023 Annual General Meeting is scheduled to start at 10.00 a.m. and the Extraordinary General Meeting at 10:30 a.m. (or as soon thereafter as the 2023 Annual General Meeting has been concluded or adjourned).

Shareholders will find enclosed with this Document a BLUE Form of Proxy for use at the 2023 Annual General Meeting and a WHITE Form of Proxy for use at the Extraordinary General Meeting.

Whether or not Shareholders propose to attend the Shareholder Meetings, they are asked to please complete, sign and return the Forms of Proxy in accordance with the instructions printed thereon, by one of the following means: (i) in hard copy form by post, by courier, or by hand to the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; or (ii) in the case of CREST members, by utilising the CREST system service (details of which are contained in this Document), in each case as soon as possible and, in any event, so that it arrives not later than 48 hours before the relevant Shareholder Meeting (excluding any part of such 48 hour period that is not a working day or, in the case of any adjournment, not later than 48 hours before the time fixed for the adjourned Shareholder Meeting, again excluding any part of such 48 hour period that is not a working day).

Appointment of a proxy will not prevent you from attending and voting at the Shareholder Meetings in person if you subsequently find that you are able to do so.

The Company is registered with the Guernsey Financial Services Commission ("GFSC") under the Registered Collective Investment Scheme Rules and Guidance, 2021 (the "Rules") and the Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended. Neither the GFSC nor the States of Guernsey Policy Council take any responsibility for the financial soundness of the Company or for the correctness of any of the statements made or opinions expressed with regard to it.

If you are in any doubt about the contents of this Document you should consult your accountant, legal or professional adviser, or financial adviser.

The Directors have taken all reasonable care to ensure that the facts stated in this Document are true and accurate in all material respects, and that there are no other facts the omission of which would make misleading any statement in the Document, whether of facts or of opinion. All the Directors accept responsibility accordingly.

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This Document is a circular relating to the First Disposal which has been prepared in accordance with the Listing Rules and approved by the FCA.

Capitalised terms have the meaning ascribed to them in Part 5 (*Definitions*) of this Document.

A summary of action to be taken by Shareholders is set out in Part 1 (*Letter from the Chair*) of this Document, in the Notice of Extraordinary General Meeting set out in Part 6 (*Notice of Extraordinary General Meeting*) of this Document and in the Notice of the 2023 Annual General Meeting set out in Part 7 (*Notice of 2023 Annual General Meeting*) of this Document.

This Document is dated 28 September 2023.

IMPORTANT NOTICES

Forward-looking statements

This Document contains statements which are, or may be deemed to be, “forward-looking statements” including statements regarding the Company’s and the Buyer’s plans, objectives and expected performance, and the expected timing and terms of the Transactions. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections about future events. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, the Company can give no assurance that such expectations will prove to be correct. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements, including, among others, the satisfaction or waiver of the conditions to the First Disposal or the other Transactions; fluctuations in exchange controls; changes in market conditions; the behaviour of other market participants; the actions of regulators; the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the media industry; changes in government policy and taxations; industrial disputes; war and terrorism. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. These forward-looking statements speak only as at the date of this Document.

None of the Company or any of its associates, directors, officers or advisers provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Other than in accordance with their legal or regulatory obligations, the Company is under no obligation, and expressly disclaims any intention or obligation, to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise.

No profit forecasts or estimates

No statement in this Document is intended to be or is to be construed as a profit forecast or estimate for any period and no statement in this Document should be interpreted to mean that earnings or earnings per Ordinary Share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per Ordinary Share.

No incorporation of website information

Save as expressly referred to in this document, neither the contents of the Company’s websites nor the contents of any website accessible from hyperlinks on the Company’s websites are incorporated into, or form part of, this Document.

Rounding

Certain figures included in this Document have been subject to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures that precede them.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

	Time and Date
Start of Go-Shop Period	14 September 2023
Publication of this Document	28 September 2023
End of Go-Shop Period ¹	11:59 p.m. on 23 October 2023
Latest time for receipt of individual blue Forms of Proxy for the 2023 Annual General Meeting	10:00 a.m. on 24 October 2023
Latest time for receipt of individual white Forms of Proxy for the Extraordinary General Meeting	10:30 a.m. on 24 October 2023
Voting Record Time for the 2023 Annual General Meeting and the Extraordinary General Meeting	6:30 p.m. on 24 October 2023 ²
2023 Annual General Meeting	10:00 a.m. on 26 October 2023
Extraordinary General Meeting	10:30 a.m. on 26 October 2023 ³
Expected timing of Completion of the First Disposal (subject to Shareholder approval and satisfaction of other conditions)	16 November 2023
Long Stop Date	12 March 2024 ⁴

¹ The Board will publish an announcement through the Regulatory Information Service of the London Stock Exchange as soon as practicable following the end of the Go-Shop Period and/or Matching Right Period, to update Shareholders of the outcome of the Go-Shop Process.

² If either of the Shareholder Meetings is adjourned, the Voting Record Time for the relevant reconvened Shareholder Meeting will be 6:30 p.m. on the day which is two calendar days before the date set for the relevant reconvened Shareholder Meeting.

³ The Extraordinary General Meeting will commence at the time stated above or as soon thereafter as the 2023 Annual General Meeting has been concluded or adjourned.

⁴ If the First Disposal has not completed by this date, the Buyer or the Sellers' Representative may terminate the First Disposal provided the party seeking to terminate is neither in material breach of the Asset Sale Agreement nor caused the failure to achieve Completion of the First Disposal.

The timetable may be subject to change. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by an announcement through the Regulatory Information Service of the London Stock Exchange.

All references in this Document to time are to London time unless otherwise stated.

Shareholders should note that the date of the Shareholder Meetings shown throughout this document is subject to change, in particular depending on the outcome of the Go-Shop Process.

If the Go-Shop Process concludes with no Superior Proposal having been received, the Board expects the Shareholder Meetings will proceed on the date stated in this Document. In the event a Superior Proposal is received during the Go-Shop Period and the Buyer exercises its matching right, the Board expects it may be necessary to adjourn the Shareholder Meetings to a later date in November 2023. In the event the Board receives a Superior Proposal, the Matching Right Period has expired without the Buyer having matched (or improved upon) such Superior Proposal and the Asset Sale Agreement is terminated in favour of such Superior Proposal, the Board expects that the Extraordinary General Meeting will be adjourned and not rescheduled, and the Annual General Meeting will be rescheduled in November 2023.

PART 1
LETTER FROM THE CHAIR
HIPGNOSIS SONGS FUND LIMITED

(an investment company limited by shares incorporated under the laws of Guernsey
with registered number 65158)

Directors:

Andrew Sutch (Chair)
Paul Burger (Senior Non-executive Independent Director)
Sylvia Coleman (Non-executive Independent Director)
Simon Holden (Non-executive Independent Director)
Cindy Rampersaud (Non-executive Independent Director)
Andrew Wilkinson (Non-executive Independent Director)

Registered Office

P.O. Box 286
Floor 2, Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

28 September 2023

Dear Shareholder,

**Notices of Extraordinary General Meeting and 2023 Annual General Meeting
and Proposed Related Party Transaction**

1. Introduction

On 14 September 2023, the Company announced the proposed sale of rights relating to various musical compositions, master recordings and other intellectual property (together, the **"First Disposal Assets"**) to the buyer, Hipgnosis Songs Capital, the trading name of Hipgnosis SC IV (Delaware) L.P. (the **"Buyer"**), for aggregate cash consideration of \$440 million (the **"First Disposal"**).

On the same date, the Company also announced it had agreed in principle to sell a second portfolio of songs for aggregate cash consideration of approximately \$25 million (the **"Second Disposal"**). While both the First Disposal and the Second Disposal form part of the overall strategy of the Board described at paragraph 2 of this letter, the two Disposals are not interconditional and, so far as the Directors are aware, the purchasers under each Disposal are unconnected with each other.

The Board intends to use the net proceeds of the Disposals to prepay \$250 million of loans pursuant to the Company's revolving credit facility under the Credit Agreement, with a corresponding permanent reduction in revolving credit facility commitments, and enhance financial flexibility and establish a share buy back programme of up to \$180 million (the **"Share Buy Back Programme"**). The Share Buy Back Programme will require the approval of Shareholders at the forthcoming 2023 Annual General Meeting.

Following the announcement on 14 September 2023, the Board has continued to engage with Shareholders on the strategic rationale and merits of the First Disposal. The Board and the Investment Adviser firmly believe that the Company has a unique portfolio of iconic, culturally significant songs that will deliver strong long-term value as they benefit from the structural tailwinds in the music industry. Furthermore, the Board believes that the Investment Adviser's approach to song management should enable the Company to outperform the wider music market. This has been evidenced by the 44% total return, including right to income, transaction fees and expected taxes, realised since acquisition on the First Disposal. Furthermore, the Board and the Investment Adviser are committed to ensuring that this value is achieved for Shareholders by a re-rating of the Company's share price and are determined to deliver on the ongoing opportunity of the Company.

Against this backdrop, the Board and Investment Adviser have taken the following actions which will provide Shareholders with greater opportunities to realise value in a shorter timeframe should the share price re-rating not occur:

- The Board has resolved that, if the Continuation Resolution is approved at the 2023 Annual General Meeting, the Directors will put a further continuation resolution to Shareholders at an extraordinary general meeting in January 2026, again at the annual general meeting to be held in 2028 and at every third annual general meeting thereafter;
- The Board and the Investment Adviser have agreed certain further amendments to the Investment Advisory Agreement between the Company and the Investment Adviser such that (subject to the Continuation Resolution being passed) the Investment Advisory Agreement will be terminable by the Company on 12 months' notice; and
- If the Company's share price stands at an average discount to Operative NAV (as determined at the time of publication of the interim report for the period to 30 September 2024) of 10% or more, measured on average over the month of January 2025, the Board intends to serve notice to terminate the Investment Advisory Agreement. The Board may withdraw the notice before the effective date of termination if it considers it to be in the interests of Shareholders to do so.

I have informed the Board that I will step down as Chair and retire as a Director of the Company once a suitable replacement is found and, in any event, at or before the Company's annual general meeting in 2024. The Company will now commence a process to recruit a new Chair. In addition, Andrew Wilkinson has also informed the Board that he intends to retire as a Director before the end of 2023, thereby reducing the Board to five Directors. The Board intends to appoint Cindy Rampersaud, who joined the Board as an Independent Non-Executive Director on 1 August 2023, to the role of chair of the Company's Audit and Risk Management Committee upon Andrew Wilkinson's retirement.

The Investment Adviser to the Company, Hipgnosis Song Management Ltd, is majority owned by two special purpose vehicles, represented by their general partners who are indirectly controlled by Blackstone Inc., who together also indirectly own the majority of interests in the Buyer and, accordingly, the Buyer is considered to be a related party of the Company for the purposes of the Listing Rules. The proposed First Disposal therefore constitutes a related party transaction for the purposes of Chapter 11 of the Listing Rules and is conditional on, among other things, the approval of the First Disposal Resolution.

The First Disposal is also conditional upon, among other things, approval of the Continuation Resolution by Shareholders at the forthcoming 2023 Annual General Meeting.

The Second Disposal is not a transaction with a related party of the Company so does not require approval of Shareholders pursuant to the Listing Rules. The Second Disposal will also not be conditional upon the passing of the Continuation Resolution and details regarding the Second Disposal are therefore described in this document for Shareholders' information only.

A notice convening the Extraordinary General Meeting, at which the First Disposal Resolution will be proposed to Shareholders, is set out in Part 6 (*Notice of Extraordinary General Meeting*) of this Document.

A notice convening the 2023 Annual General Meeting, at which the Continuation Resolution will be proposed to Shareholders, is set out in Part 7 (*Notice of 2023 Annual General Meeting*) of this Document.

If the First Disposal Resolution and the Continuation Resolution are approved and the other conditions to the First Disposal are satisfied or waived, the First Disposal is expected to complete approximately 13 Business Days following the satisfaction or waiver of all of the conditions, which is expected to be shortly after the date of the Extraordinary General Meeting and the Annual General Meeting.

The principal terms and conditions of the First Disposal are described in more detail in paragraph 3 below and Part 2 (*Principal Terms and Conditions of the First Disposal*) of this Document.

The Board considers the First Disposal and each of the resolutions to be proposed at the 2023 Annual General Meeting to be in the best interests of the Company and its Shareholders as a whole and unanimously recommends that Shareholders vote in favour of the First Disposal Resolution to be proposed at the Extraordinary General Meeting and each of the AGM Resolutions to be proposed at the 2023 Annual General Meeting.

Each of the Directors who holds Ordinary Shares in the Company intends to vote in favour of the First Disposal Resolution at the Extraordinary General Meeting and each of the AGM Resolutions at the 2023 Annual General Meeting in respect of their aggregate shareholdings in the Company representing approximately 0.032 per cent. of the Company's issued share capital as at 27 September 2023 (being the Latest Practicable Date prior to the publication of this Document).

This Document sets out the background to and reasons for the First Disposal, information on the First Disposal and the reasons why the Board unanimously considers the First Disposal to be in the best interests of the Company and its Shareholders as a whole and recommends that Shareholders vote in favour of the First Disposal Resolution and the Continuation Resolution.

Shareholders should read the whole of this Document and not rely solely on this letter.

Other than as set out in this letter capitalised terms have the meaning given to them in Part 5 (*Definitions*) of this Document.

2. Background to and reasons for the First Disposal

Strategic rationale

The Board and the Investment Adviser believe that, over the last 18 months, the Company's share price has not reflected the fundamental value of the Company.

A consultation with major Shareholders in Spring 2023 confirmed that, whilst Shareholders continued to believe in the Company's significant long-term growth opportunity, a proactive approach to addressing the current share price, including a meaningful share buy back programme and reduction in the Company's revolving credit facility drawings, was important.

These disposals are of the smallest magnitude possible that would provide the required capital to execute on this strategy, whilst ensuring that the ongoing investment case for the Company remains intact by protecting the strength of the remaining portfolio.

The Board and the Investment Adviser continue to believe that the best way to maximise long-term shareholder value is to buy, hold and actively manage culturally important assets that will deliver income and capital growth over time. Furthermore, they believe that the Company's long-term value has yet to be fully realised.

This opportunity for growth was demonstrated in the financial year ended 31 March 2023 when the Company reported its best like-for-like income growth to date of 12.1% year-on-year. The Board and the Investment Adviser are confident of showing strong further growth as the Company benefits from the structural tailwinds of the continued monetisation of music consumption and the Investment Adviser adds value through active song management.

Proposed transactions

First Disposal

The First Disposal comprises the sale of 29 music catalogues for cash consideration of \$440 million, reflecting a multiple of 18.3x historical Net Publisher Share and, taking into account the RTI adjustment, a multiple of 17.6x historical Net Publisher Share, to the Buyer, a partnership represented by its general partner, an entity indirectly controlled by Blackstone Inc. The First Disposal is expected to realise a total net return of 44% over a 3 year weighted average life of ownership.

The First Disposal Assets were designed to protect the strength of the Company's remaining portfolio after Completion of the First Disposal, as follows:

- the Company will retain 81% of its existing portfolio by Fair Value with an increased focus on older vintages (the First Disposal Assets' average vintage being 2008, compared to existing portfolio average of 2003);
- the remaining portfolio is expected to deliver strong income growth over the medium term;
- the remaining portfolio will have an increased concentration of culturally important and successful songs, with the Company retaining an interest in 47 of Rolling Stone's 500 Greatest Songs of All Time (existing portfolio has 52 of these songs) and 85 Spotify Billions Club (existing portfolio at 12 September 2023 has 106/473); and
- the Company will retain its ownership in seven of its ten largest catalogues.

If the First Disposal to the Buyer completes, all catalogues would continue to be managed by the Investment Adviser, maintaining the goodwill of artists and songwriters and enabling the Investment Adviser to maximise income by song management of the Company's remaining portfolio.

The Purchase Price under the First Disposal reflects:

- a premium of 26% to the acquisition price of the First Disposal Assets;
- a premium of 51% to the valuation of the First Disposal Assets implied by the Company's 30-day average market capitalisation up to 13 September 2023, being the last trading day prior to announcement of the First Disposal;
- a discount of 17.5% to the historical Fair Value of the First Disposal Assets as at 31 March 2023; and
- a premium of 39% to the historical IFRS book value as at 31 March 2023, under which the Company's investments in catalogues are held at cost less amortisation and impairment.

The First Disposal is conditional upon, *inter alia*, the approval of the First Disposal Resolution by independent Shareholders at the Extraordinary General Meeting and the approval by Shareholders of the Continuation Resolution at the 2023 Annual General Meeting.

On the basis of the terms agreed with the Buyer, the Company expects to make payments of approximately \$6.7 million in corporation tax and \$13.9 million in transaction fees. By use of the Company's tax losses, it has been possible to mitigate the majority of the corporation tax which would otherwise have been payable on the accounting profit on the sale of these assets.

Under the terms of First Disposal, the Buyer will acquire the First Disposal Assets following satisfaction, or waiver, of the completion conditions for a total consideration of \$440 million, payable in cash with at least 80% of the total consideration payable on Completion. The remainder will be paid (together with interest thereon from the date of Completion) on a *pro rata* basis once acknowledgements of letters of direction in respect of payments for the royalties representing more than 80% of the anticipated revenue of the First Disposal Assets have been received from relevant counterparties. If such acknowledgements have not been received within 6 months of the completion date in respect of any catalogue, the Company will have the option to repurchase such catalogue on the same terms (provided that the Buyer shall not be required to provide warranties, representations, covenants or indemnification other than to the limited extent relating to the period between closing and the date of repurchase), subject to the Buyer's right to release the relevant portion of the holdback amount in lieu of such repurchase.

As part of the First Disposal, the Company has agreed to assign to the Buyer ownership of all royalties and other compensation derived from the First Disposal Assets, including any royalties and other compensation received by the Company, from the RTI Date, whenever they are received. This amount from 1 January 2023 to 31 August 2023 is approximately \$15.3 million. Taking into account the RTI adjustment, the Purchase Price under the First

Disposal reflects a discount of 20.4% to the Fair Value of the First Disposal Assets as at 31 March 2023.

The Company will retain responsibility for the payment of any bonus, earn-out or other contingent payments under the original acquisition agreements in respect of the First Disposal Assets, up to a cap of \$30 million. This liability is currently anticipated to be approximately \$5.5 million. The Board believes that bonuses in excess of this estimated liability will not be payable.

Please see paragraph 3 of this letter and Part 2 of this Document for further details of the First Disposal.

Second Disposal

Following a competitive process, the Company has agreed in principle, subject to completion of legal documentation and the consent of the Company's lending banks, to sell a portfolio of non-core songs to a third party (the "**Second Disposal Assets**") for a consideration of approximately \$25 million (the "**Second Disposal**").

The Second Disposal Assets were acquired as part of Kobalt Fund One and their eventual sale was consistently contemplated as part of the Company's acquisition strategy as they were considered non-core. Further, the Company does not have perpetual ownership rights on a number of assets that are part of the Second Disposal Assets and the Second Disposal Assets require ongoing accounting and reporting obligations that take up significant bandwidth which can be better focused on active song management.

Use of Disposal proceeds

The Company intends to use the net proceeds of the Disposals to establish a share buy back programme of up to \$180 million; to prepay \$250 million of loans pursuant to the Company's revolving credit facility under the Credit Agreement, with a corresponding permanent reduction in revolving credit facility commitments; and enhance financial flexibility. Given the substantial share price discount to fundamental value in recent months, share buy backs enable the Company to invest further into the remaining portfolio at a material discount to its fundamental asset value.

Investment advisory agreement

In addition, the Company has agreed certain amendments to the Investment Advisory Agreement between the Company and the Investment Adviser such that (subject to the Continuation Resolution being passed) the Investment Advisory Agreement will be terminable by the Company on 12 months' notice regardless of performance and (subject to the First Disposal completing with the Buyer) the calculation of the annual advisory fee payable by the Company to the Investment Adviser will be amended to include additional lower tiers. These changes will provide the Company with greater flexibility and lower ongoing operating costs whilst maintaining the Investment Adviser's alignment with the Company's share price performance.

If the Company's share price stands at an average discount to Operative NAV (as determined at the time of publication of the interim report for the period to 30 September 2024) of 10% or more, measured on average over the month of January 2025, the Board intends to serve notice to terminate the Investment Advisory Agreement. The Board may withdraw the notice before the effective date of termination if it considers it to be in the interests of Shareholders to do so.

Please see paragraph 12 of this letter for further details.

Relationship with Investment Adviser

Given that the Buyer and the Investment Adviser are both ultimately indirectly controlled by Blackstone Inc. and, additionally, the Investment Adviser acts as investment adviser to the Buyer, the Board put in place appropriate governance arrangements and information barriers to ensure the continued availability to it of a segregated team of the Investment Adviser to consider and advise on the First Disposal, no members of which team were available to or have any financial interest in the Buyer.

As part of these arrangements, the parties agreed protocols at the outset of discussions regarding the First Disposal to manage roles, responsibilities and information sharing within the Investment Adviser (the “**Protocols**”).

The Protocols established segregated sub-teams within the Investment Adviser with different teams advising either the Company and the Sellers or the Buyer in relation to the First Disposal, with further teams facilitating discussions and appropriate information sharing. The Protocols also detailed a neutral role for Merck Mercuriadis, the CEO and founder of the Company and the Investment Adviser, including to facilitate discussions between the parties regarding portfolio construction and continuing to provide asset management and investment advisory services under the Investment Advisory Agreement. The Protocols also set out rules typical in arrangements of this nature regarding matters such as communication, information barriers, document management and confidentiality.

Furthermore, as evidence of good governance and to protect shareholder interests, the Go-Shop Process was negotiated as part of the terms of the First Disposal, pursuant to which the Board is entitled to solicit alternative offers for the First Disposal Assets until 23 October 2023. The Board has taken steps to ensure that the Investment Adviser will not be involved in the Go-Shop Process described in paragraph 4 below, save to the extent required by the Board. Please refer to paragraph 12 of this letter for further details.

3. **Summary of the principal terms of the First Disposal**

The master purchase agreement in respect of the First Disposal was entered into on 14 September 2023 between the Company, the Buyer, the Sellers and the Sellers’ Representative (the “**Asset Sale Agreement**”). The First Disposal comprises the sale of 29 music catalogues to the Buyer, a partnership represented by its general partner, an entity indirectly controlled by Blackstone Inc.

Pursuant to the terms of the Asset Sale Agreement, subject to satisfaction or, where applicable, waiver of certain conditions stated therein and described in Part 2 (*Principal Terms and Conditions of the First Disposal*) of this Document, the Sellers have agreed to sell their interests in all of the First Disposal Assets to the Buyer. The consideration for the sale is \$440 million which will be payable in cash on the date of Completion of the First Disposal, subject to retention by the Buyer of up to \$88.0 million as described in Part 2 of this Document.

As part of the First Disposal, the Company has agreed to assign all royalties and other compensation derived from the First Disposal Assets, including any royalties and other compensation received by the Company from the RTI Date, whenever they are received. This amount from the RTI Date to 31 August 2023 is approximately \$15.3 million.

The Asset Purchase Agreement includes a “Go-Shop” right pursuant to which the Board is entitled to solicit alternative offers for the First Disposal Assets (or a subset thereof) (the “**Go-Shop**”) for a period of 40 calendar days ending on 23 October 2023 (the “**Go-Shop Period**”). The Buyer has the right to match any Superior Proposal. Save for the Go-Shop, the Company has agreed neither to initiate, assist, solicit, encourage or facilitate any offer or proposal for the First Disposal Assets or which would otherwise impede the First Disposal, nor to solicit a takeover offer for the Company. If the Board withdraws its recommendation to Shareholders to vote in favour of the First Disposal Resolution and terminates the Asset Sale Agreement in order to enter into a Superior Proposal obtained through the Go-Shop, the Company will pay to the Buyer a termination fee of \$6.6 million (the “**Termination Fee**”). A No-Vote Fee will be payable by the Company to the Buyer if the Board, other than for a Superior Proposal, withdraws its recommendation to Shareholders to vote in favour of the First Disposal Resolution and Shareholders subsequently do not approve the First Disposal Resolution. In determining whether to exercise any termination right the Board will act in the best interests of Shareholders including considering whether any such Superior Proposal, if completed, would result in higher aggregate cash net proceeds and deliver greater long-term value to Shareholders. Further details of the Go-Shop Process are set out in paragraph 4 of this letter.

The First Disposal to the Buyer is conditional upon, *inter alia*, the approval by Shareholders of both the First Disposal Resolution at the Extraordinary General Meeting and the Continuation Resolution at the 2023 Annual General Meeting.

Further details of the Asset Sale Agreement are described in Part 2 (*Principal Terms and Conditions of the First Disposal*) of this Document.

4. **Rationale, process and timetable for the Go-Shop Process**

As noted above, the Buyer and the Investment Adviser are both ultimately indirectly controlled by Blackstone Inc. and, additionally, the Investment Adviser acts as investment adviser to the Buyer. In negotiating the First Disposal, the Board was therefore conscious of the need to maximise Shareholder value and ensure price discovery in respect of the First Disposal Assets.

In light of this, the Board negotiated the inclusion in the Asset Sale Agreement of the Go-Shop Process, under which the Company and its advisers are entitled to seek alternative proposals to the First Disposal during the Go-Shop Period, being the 40 calendar days immediately following the date of the Asset Sale Agreement. This entitles the Company, during the Go-Shop Period, to solicit and discuss potential alternative offers for the First Disposal Assets (or a subset thereof) provided that the Superior Proposal delivers aggregate cash net proceeds in excess of those receivable by the Company under the Asset Sale Agreement (taking appropriate account of any amounts which are deferred, held-back or contingent) with third parties and share due diligence materials with such parties. Various credible third parties are already engaged in the Go-Shop Process as at the date of this Document.

In the event that a Superior Proposal is received by the Company during the Go-Shop Period and the Board wishes to terminate the First Disposal in order to pursue the Superior Proposal, the Board must notify the Buyer. The Buyer then has a period of five Business Days (the **"Matching Right Period"**) during which it may put forward a competing proposal seeking to match (or better) such Superior Proposal and the Company and Sellers shall cooperate with the Buyer in good faith to make such adjustments to the relevant terms and conditions of the Asset Sale Agreement, any other transaction documents and the terms of any financing documents in connection with the First Disposal as would allow the Buyer to match the Superior Proposal. If, following the Matching Right Period, the Board considers that the Superior Proposal still constitutes a Superior Proposal, it may terminate the Asset Sale Agreement and simultaneously enter into an agreement with the third party in respect of the Superior Proposal. Upon such termination, a Termination Fee of \$6.6 million (being 1.5% of the Purchase Price) would be payable by the Company to the Buyer.

The Go-Shop Period will end at 11:59 p.m. on 23 October 2023. There are various potential outcomes, including the possibility that:

- No Superior Proposal is received during the Go-Shop Period.
- A Superior Proposal is received during the Go-Shop Period and, prior to the end of the Go-Shop Period, the Buyer has matched (or improved upon) the Superior Proposal, resulting in amendments being agreed to the terms of the Asset Sale Agreement. In this scenario, the Board intends to notify Shareholders of the outcome of the Go-Shop Process and adjourn the Shareholder Meetings to a later date to provide Shareholders with sufficient time to assess the information arising from the amendments to the Asset Sale Agreement.
- A Superior Proposal is received during the Go-Shop Period, the Matching Right Period has expired without the Buyer having matched (or improved upon) such Superior Proposal and the Company has terminated the Asset Sale Agreement and entered into an agreement with the third party in respect of the Superior Proposal. In this scenario, the Board would withdraw the First Disposal Resolution and adjourn the Extraordinary General Meeting, as the First Disposal Resolution is only required due to the Buyer being a related party of the Company. Shareholders would still be required to vote on the AGM Resolutions at the 2023 Annual General Meeting.
- A Superior Proposal is received towards the end of the Go-Shop Period and the Board notifies the Buyer of such Superior Proposal less than five Business Days prior to the

end of the Go-Shop Period. In this scenario, the Matching Right Period would not have ended before the end of the Go-Shop Period and it would likely be necessary to adjourn the Shareholder Meetings to a later date to allow the Matching Right Period to expire and, if the Buyer were to match (or improve upon) the Superior Proposal, resulting in amendments being agreed to the terms of the Asset Sale Agreement, to provide Shareholders with sufficient time to assess the additional information arising from the amendments to the Asset Sale Agreement.

As mentioned above, in the event a Superior Proposal is received and results in the Board terminating the Asset Sale Agreement prior to the date of the Extraordinary General Meeting, the Board intends to withdraw the First Disposal Resolution and to adjourn the Extraordinary General Meeting. Accordingly, Shareholders are encouraged to submit their votes using the white Form of Proxy or vote online in respect of the First Disposal Resolution as soon as possible, rather than wait for the outcome of the Go-Shop Period, as votes received in respect of the First Disposal Resolution will only be relevant in circumstances where the Board continues to support and recommend the First Disposal following the Go-Shop Period.

The Board will provide an update to Shareholders regarding the outcome of the Go-Shop Process as soon as practicable following the end of the Go-Shop Period and/or Matching Right Period and, in the event there are any amendments to the terms of the First Disposal and the Asset Sale Agreement, will notify Shareholders of those amendments prior to the date of the Shareholder Meetings (or any adjourned Shareholder Meetings).

Any such notifications will be made through updates on the Company's website (<https://www.hipgnosissongs.com/song-investors/regulatory-news/>) and announcements through a Regulatory Information Service.

5. **Principal risks to the First Disposal**

The principal risks in relation to the First Disposal include:

- completion of the First Disposal is subject to a number of conditions, as set out below in paragraph 6 of this letter, including the passing of the First Disposal Resolution and the Continuation Resolution by Shareholders. If the First Disposal does not complete, the Company would not realise the benefits of the First Disposal and the Company will have incurred certain transaction costs in relation to the negotiation of the First Disposal;
- the Company and the Sellers may be liable, up to an amount capped at the Purchase Price, in respect of any breach of the warranties given by them in the Asset Sale Agreement to the extent the Buyer cannot recover under a representations and warranties insurance policy;
- the Company and the Sellers may receive less than 100% of the Purchase Price if the conditions to the release of the holdback, as set out further in Part 2 of this Document, are not achieved or certain encumbrances over the First Disposal Assets have not been released at Completion and the Buyer exercises its right to withhold part of the Purchase Price as set out further in Part 2 of this Document;
- the First Disposal or any Superior Proposal may result in loss of goodwill towards the Company by songwriters and artists, which may limit the Company's ability to acquire and retain catalogues in the future;
- the Company's share price will be influenced by a large number of factors, including market fluctuations and legislative or regulatory changes in the markets and segments in which the Company operates. Completion of the First Disposal may not enable the Company to improve its current share price performance;
- the Go-Shop Process and Matching Right may fail to result in a Superior Proposal for the First Disposal Assets;
- if the Asset Sale Agreement is terminated in favour of a Superior Proposal, such Superior Proposal may fail to complete, which may result in wasted costs for the Company, including those already incurred, and the payment of the Termination Fee to the Buyer; and

- Citrin Cooperman's independent valuation (as further described in paragraph 11 below) assesses the fair market value of the First Disposal Assets as at 31 March 2023. Citrin Cooperman is due to provide its next valuation of the Company's assets up to 30 September 2023 in December 2023. Accordingly, the Directors are unable to confirm if there have been any changes to the Fair Value of the First Disposal Assets since 31 March 2023.

6. **Conditions to the First Disposal**

As the First Disposal constitutes a related party transaction for the Company under the Listing Rules, Completion is conditional on the approval of the First Disposal by Shareholders at the Extraordinary General Meeting. The First Disposal is also conditional on conditions including:

- the passing of the Continuation Resolution at the 2023 Annual General Meeting, pursuant to which Shareholders are asked to approve the continuation by the Company of its business as a closed-ended investment company;
- any applicable waiting period under the HSR Act with respect to the First Disposal having expired or terminated; and
- no event or change having occurred that would reasonably be expected to have a material adverse effect on the assets or revenues to be received under the First Disposal Assets taken as a whole (subject to certain carve outs customary to a condition of this nature).

Further details of the Asset Sale Agreement and other material transaction documents are set out in Part 2 (*Principal Terms and Conditions of the First Disposal*) of this Document.

7. **Intended use of Disposal proceeds and the Share Buy Back Programme**

The Company intends to use the net proceeds of the Disposals to establish a share buy back programme of up to \$180 million; to prepay \$250 million of loans pursuant to the Company's revolving credit facility under the Credit Agreement, with a corresponding permanent reduction in revolving credit facility commitments; and enhance financial flexibility. Given the substantial share price discount to fundamental value in recent months, share buy backs enable the Company to invest further into the remaining portfolio at a material discount to its fundamental asset value.

Share Buy Back Programme

Following Completion of the First Disposal, the Board intends to establish an on-market share buy back programme under which the Company may apply up to \$180 million to repurchase the Company's Ordinary Shares in issue. No maximum price payable for each Ordinary Share purchased under the Share Buy Back Programme has been determined, however all purchases will be subject to the maximum price permitted to be paid pursuant to Listing Rule 12.4.1 and within the limits set out in the share buy back authority to be proposed at the 2023 Annual General Meeting.

Insofar as the Ordinary Shares continue to trade materially below the Company's fundamental asset value, share buy backs enable the Company to invest further into the remaining portfolio at a material discount to its fundamental value.

The Share Buy Back Programme will require the approval of Shareholders at the forthcoming 2023 Annual General Meeting, as set out in resolution 14 in the Notice of 2023 Annual General Meeting, which would authorise the Company to repurchase up to 14.99% of its issued share capital. Should this authority be fully utilised, the Board would seek shareholder approval to renew this authority for further share buy backs should the Board believe they are in the best interests of Shareholders at that time.

Reduction of indebtedness

The Board intends to use part of the net proceeds of the Disposals to prepay \$250 million of loans pursuant to the Company's revolving credit facility under the Credit Agreement, with a corresponding permanent reduction in the revolving credit facility commitments, with the

expectation of reducing the Company's net indebtedness to below 20% of proforma Operative NAV.

Given the increase in interest rates, the cost of the Company's debt has risen significantly since the initial entry into the Original Credit Agreement (as amended, restated, supplemented or otherwise modified from time to time), reducing the financial benefits of leverage to the Company's revenues. As a result, the Board believes that it is in the best interests of Shareholders to reduce leverage in order to improve security over the target dividend.

Financial flexibility

The Company intends to use any remaining proceeds to enhance general financial flexibility.

8. Information on the Buyer and the related party transaction

As noted above, the Buyer is Hipgnosis SC IV (Delaware) L.P., an affiliate of Hipgnosis Songs Assets (Delaware) L.P., (such entity, together with its affiliates, "**Hipgnosis Songs Capital**", a partnership between Hipgnosis Song Management Limited and funds managed and/or advised by Blackstone Inc.). Hipgnosis Songs Capital is the trading name for all entities within the partnership between the Investment Adviser and funds managed and/or advised by affiliates of Blackstone, Inc.

Prior to agreeing the terms of the First Disposal, the Board evaluated various options that might provide a catalyst to increase the share price. Throughout the recent negotiations, Hipgnosis Songs Capital on behalf of the Buyer has recognised the strategic rationale for the proposals and negotiated constructively to agree the First Disposal that all parties believe reflects a fair market price in the current market conditions.

In agreeing the terms of the First Disposal with the Buyer, the Board notes that the responsibility for management of the songs that the Buyer would acquire as part of the First Disposal will remain with the Investment Adviser. The Board believes that this continuity will be welcomed by songwriters and artists whose songs remain with the Company and, given the Company's ethos as a home that ensures that songs are managed effectively and with respect, will ensure the continued goodwill of all songwriters and artists who have sold their songs to the Company. This will enable the Investment Adviser to continue working closely with the Company's remaining songwriters and artists in order to maximise future value for shareholders through active song management.

The Investment Adviser to the Company is majority owned by two special purpose vehicles, represented by their general partners who are indirectly controlled by Blackstone Inc., who together also indirectly own the majority of interests in the Buyer. The First Disposal therefore constitutes a related party transaction for the purposes of Listing Rule 11 and, accordingly, is conditional upon, *inter alia*, the approval of Shareholders of the First Disposal Resolution at the Extraordinary General Meeting. The First Disposal is also conditional on Shareholder approval of the Continuation Resolution at the 2023 Annual General Meeting.

In addition, the Company notes that Mr Mercuriadis, and certain employees of the Investment Adviser, have disclosed to the Board that they hold a minority interest indirectly in the share capital of the Buyer.

Given that the Buyer and the Investment Adviser are both ultimately indirectly controlled by Blackstone Inc. and, additionally, the Investment Adviser acts as investment adviser to the Buyer, the Board has put in place appropriate governance arrangements and information barriers to ensure the continued availability to it of a segregated team of the Investment Adviser to consider and advise on the First Disposal, none of whom were available to or have any indirect financial interest in the Buyer.

Furthermore, with the intention of ensuring good governance and that shareholder interests remain protected, the terms of the First Disposal include the Go-Shop Process. The Go-Shop Process is designed to provide third parties with an opportunity to make competing offers for the First Disposal Assets to determine whether a Superior Proposal is available. The Board has taken steps (in particular through the agreement of a side letter with the Investment Adviser) to ensure that the Investment Adviser will not be involved in this process save to the extent required by the Board.

See also paragraph 12 of this letter regarding the arrangements implemented in light of the conflicted position of the Investment Adviser in respect of the First Disposal.

9. Information on the First Disposal Assets and the Company's continuing portfolio

The average vintage of catalogues comprising the First Disposal Assets is 2008, compared to the Company's existing average vintage of 2003, meaning that the First Disposal will reduce the Company's exposure to 'younger' catalogues.

The First Disposal Assets, which are set out in the table below, accounted for 19% of the Company's portfolio by value as at 31 March 2023 and 19% of Pro-Forma Annual Revenue ("PFAR") for the year ended 31 March 2023:

Catalogue	Vintage	Catalogue	Vintage	Catalogue	Vintage
Poo Bear	2015	Brian Kennedy	2009	Happy Perez	2012
Jon Bellion	2007	Brian Kennedy (Writer share)	2010	RedOne	2009
Martin Bresso	2014	Ian Kirkpatrick	2016	LA Reid	1990
Kaiser Chiefs	2007	Ari Levine	2012	Steve Robson	2011
Ed Drewett	2015	Joel Little	2016	Bob Rock	2003
Espionage	2010	Rico Love	2011	Shakira	2012
Sean Garrett	2011	Elliot Lurie	1971	Fraser T Smith	2011
Terius Gesteelde-Diamant	2010	Lyric Catalogue	1997	Eric Stewart	1977
Brian Higgins	2000	Barry Manilow	1989	Tricky Stewart (Masters)	2009
Rick James	1984	Nelly	2002		

Following Completion of the First Disposal, the Company's continuing portfolio will comprise 117 catalogues with an older average vintage of 2002 (assessed as at 31 March 2023) and will have an increased concentration of culturally important and successful songs, with the Company retaining an interest in 47 of Rolling Stone's 500 Greatest Songs of All Time (existing portfolio has 52 of these songs) and 85 Spotify Billions Club (existing portfolio has 106/473).

Key Performance Indicator	Current Portfolio	Portfolio post First Disposal
Number of Catalogues	146	117
Average vintage	2003	2002
Quality KPIs	106 of 473 of Spotify's Billions Club (as at 12 September 2023) 52 of Rolling Stone's The 500 Greatest Songs 13 of YouTube's 30 Most Viewed Music Videos	85 of 473 of Spotify's Billions Club 47 of Rolling Stone's The 500 Greatest Songs 8 of YouTube's 30 Most Viewed Music Videos
Rights type	Publishing: 86% Recording: 14%	Publishing: 86% Recording: 14%
Fair value	\$2.80 billion	\$2.27 billion
2022 PFAR	\$130.2 million	\$106.1 million
2022 PFAR by income type	Streaming: 54% Synchronisation: 8% Performance: 31% Other: 7%	Streaming: 51% Synchronisation: 9% Performance: 30% Other: 10%

Following both the First Disposal and Second Disposal, the Company's average annual income per song will increase by over 75% from \$1,990 to \$3,500. This smaller focused portfolio of higher earning songs can be more effectively actively managed to deliver the strong synch and revenue growth the Company's recent financial results have proven possible.

10. Background to and reasons for the recommendation

Benefits of the First Disposal

The Board and the Investment Adviser believe these proposals provide an attractive opportunity for the Company to re-rate its share price and strengthen its platform to deliver future income and capital growth.

The Company was launched by Merck Mercuriadis in 2018, helping to establish music as a new asset class and providing the investment community with access to extraordinarily successful and culturally important songs. Since its initial public offering (“IPO”), the Company has built a portfolio of songs unrivalled for its extraordinary success and cultural importance. This has enabled the Company to provide Shareholders with a stable dividend and an implied strong capital return based on the value of the Company’s assets.

The core investment case remains unchanged from the Company’s IPO: that the continuing long-term growth of revenue in the music industry and the ability of the Investment Adviser to drive additional value through active song management of a portfolio of iconic songs will deliver an attractive shareholder return. The Company’s latest full year results were an important validation of this strategy, delivering the best like-for-like income growth in the Company’s five-year history.

The Board and the Investment Adviser believe the Company’s portfolio will continue to have opportunities for significant further income and capital growth. Music markets remain buoyant as they continue to benefit from the increased adoption and monetisation of paid for music streaming whilst technological developments continue to deliver new revenue streams and legislative changes increase the share of Digital Service Providers’ (DSP) revenues going to owners of songwriter rights.

Despite this, the fundamental value and opportunity of the Company fails to be reflected in its current share price. Whilst recognising that this is partly due to economic conditions, as well as music and song catalogues being a relatively new asset class, the Board and the Investment Adviser are determined to take action to address the current share price.

As outlined in the Full Year Results published on 13 July 2023, the Board and the Investment Adviser have consulted with many of the Company’s largest Shareholders. These conversations confirmed that many Shareholders share the view that the Company offers a strong long-term growth opportunity and that corporate activity which would enable a share buy back and partial repayment of debt should be undertaken.

As a result, the Company proposes to dispose of two portfolios of music catalogues. These disposals are of the smallest magnitude possible that would provide the required capital to execute on this strategy, whilst ensuring that the fundamental investment case for the Company remains intact by protecting the strength of the remaining portfolio.

Firstly, the Company has entered into an agreement, subject to, amongst other things, shareholder approval, to sell 29 music catalogues for an aggregate cash consideration of \$440 million to the Buyer, a partnership represented by its general partner, an entity indirectly controlled by Blackstone Inc. Secondly, it has agreed in principle to sell a portfolio of non-core songs for a consideration of approximately \$25 million. The prices achieved on these two Disposals validate the Board and the Investment Adviser’s view that the realisable value of the Company’s assets, even in the current challenging market environment, is at a material premium to the value implied by the current share price.

The Disposals will realise significant net proceeds that can be used to deliver immediate Shareholder value by the Company acquiring its own shares through the establishment of a share buy back programme of up to \$180 million (subject to shareholder approval at the forthcoming 2023 Annual General Meeting). In addition, the Company intends to prepay \$250 million of loans pursuant to the Company’s revolving credit facility under the Credit Agreement, with a corresponding permanent reduction in the revolving credit facility commitments.

In addition, as detailed in paragraph 12 of this letter, the Board has agreed certain amendments to the Investment Advisory Agreement with the Investment Adviser such that (subject to the Continuation Resolution being passed) the Investment Advisory Agreement will be terminable by the Company on 12 months’ notice regardless of performance and (subject

to the First Disposal completing with the Buyer) the calculation of the annual advisory fee payable by the Company to the Investment Adviser will be amended to include additional lower tiers. These changes will provide the Company with greater flexibility and lower ongoing operating costs whilst maintaining the Investment Adviser's alignment with the Company's share price performance.

Interaction with Go-Shop Process

As at the date of this Document, there can be no certainty that the Go-Shop Process will result in any Superior Proposal being received in respect of the First Disposal Assets (or any subset thereof) or whether, in the event a Superior Proposal is received, the Buyer will exercise its matching right and deliver amendments to the Asset Sale Agreement such that the First Disposal will proceed on amended terms.

The Board is mindful of its fiduciary duties and will continue to seek Superior Proposals throughout the Go-Shop Period.

In the event a Superior Proposal is received and results in the Board terminating the Asset Sale Agreement prior to the date of the Extraordinary General Meeting, the Board intends to withdraw the First Disposal Resolution and to adjourn the Extraordinary General Meeting. Accordingly, Shareholders are encouraged to submit their votes using the white Form of Proxy or vote online in respect of the First Disposal Resolution as soon as possible, rather than wait for the outcome of the Go-Shop Process, as votes received in respect of the First Disposal Resolution will only be relevant in circumstances where the Board continues to support and recommend the First Disposal following the Go-Shop Period and Matching Right Period.

The Board will provide further updates in respect of the First Disposal and the outcome of the Go-Shop Process in due course, including through updates on the Company's website (<https://www.hipgnosissongs.com/song-investors/regulatory-news/>) and announcements through a Regulatory Information Service.

11. Valuation of the First Disposal Assets

The First Disposal Assets comprise 29 music catalogues, details of which are set out in paragraph 9 of this letter.

The Company engaged Citrin Cooperman to prepare an independent valuation (the "**Portfolio Valuation**") of all of the Company's assets as at 31 March 2023 (the "**Valuation Date**") which was then reflected in the annual report and accounts of the Company for the year ended 31 March 2023. The Valuation Report in Part 3 of this Document contains Citrin Cooperman's independent valuation of the First Disposal Assets as at the Valuation Date (the "**Valuation**") as extracted from the Portfolio Valuation.

The Valuation reported the fair market value of the First Disposal Assets as \$533,519,873 as at the Valuation Date. This is greater than the Purchase Price payable under the terms of the First Disposal. The Purchase Price under the First Disposal reflects a discount of 17.5% to the Fair Value of the First Disposal Assets as at 31 March 2023 as reported in the Valuation. There has been no fundamental change in the underlying nature or performance of the First Disposal Assets since the Valuation Date.

12. Amendments to Investment Advisory Agreement

Conflicts of interest in respect of the First Disposal

The Investment Advisory Agreement requires, among other things, the Investment Adviser to take all reasonable steps to avoid conflicts of interest.

In light of this, the Board put in place the Protocols described in paragraph 3 of this letter and, simultaneously with the entry into the Asset Sale Agreement, the parties to the Investment Advisory Agreement entered into a side letter to the Investment Advisory Agreement so as to address and manage the Investment Adviser's conflicts of interests in respect of the First Disposal and the Go-Shop Process (the "**IAA Conflicts Side Letter**").

The IAA Conflicts Side Letter provides that the Investment Adviser shall not perform any services under the Investment Advisory Agreement in relation to (or otherwise seek any

involvement in) the solicitation or negotiation of alternative proposals in respect of the First Disposal Assets (or a subset thereof), save if requested in writing by the Board.

The IAA Conflicts Side Letter also recognises that the Investment Adviser's assistance will be required in connection with the Go-Shop Process (for example, in any due diligence phase) and confirms that the Investment Adviser will provide any such assistance required by the Board.

IAA Amendment Deeds

(i) IAA Fees Amendment Deed

The Company and the Investment Adviser have entered into an amendment agreement to the Investment Advisory Agreement such that the calculation of the annual advisory fee payable by the Company to the Investment Adviser will be amended to include additional lower tiers (the **"IAA Fees Amendment Deed"**). The IAA Fees Amendment Deed is conditional on Completion of the First Disposal with the Buyer, including as amended by the exercise of any matching rights following the Go-Shop Process, and will not take effect if the First Disposal Assets are sold to a third party pursuant to the Go Shop Process. The IAA Fees Amendment Deed will introduce new tiers of reduced fees calculated by reference to the Company's market capitalisation.

Following the IAA Fees Amendment Deed coming into effect, the advisory fee will be calculated as follows:

- 1 per cent. per annum of the Average Market Capitalisation up to, and including, £250 million, which is unchanged;
- 0.90 per cent. per annum of the Average Market Capitalisation in excess of £250 million and up to, and including, £500 million, which is unchanged;
- 0.80 per cent. per annum of the Average Market Capitalisation in excess of £500 million and up to, and including, £750 million, which is unchanged;
- 0.70 per cent. per annum of the Average Market Capitalisation in excess of £750 million and up to, and including, £1 billion, which is new; and
- 0.60 per cent. per annum of the Average Market Capitalisation in excess of £1 billion, which is new.

As at close of trading on 13 September 2023, being the last trading day prior to the date of announcement of the First Disposal, the Company's market capitalisation was approximately £1,125 million, representing a 40% discount to the Operative NAV of £1,873 million as at 31 March 2023. For illustration, if the Company's share price were to increase to the level of the Operative NAV, this proposal would amount to an annualised saving of £2 million.

(ii) Second IAA Amendment Deed

In addition to IAA Fees Amendment Deed, the Company and the Investment Adviser have entered into a further amendment agreement to the Investment Advisory Agreement such that the Investment Advisory Agreement will be terminable by the Company on 12 months' notice regardless of performance (the **"Second IAA Amendment Deed"**) and, together with the IAA Fees Amendment Deed, the **"IAA Amendment Deeds"**.

The current requirement that, subject to the Continuation Resolution being passed, the Investment Advisory Agreement may only be terminated by the Company on 12 months' notice if the relevant performance target is not met will be removed such that termination would simply be on notice of not less than 12 months being given by the Company. The Company may withdraw the notice in its discretion before the effective date of termination. The changes agreed in the Second IAA Amendment Deed will take effect if the Continuation Resolution is passed and regardless of whether the First Disposal completes.

In addition, if the Company's share price stands at an average discount to Operative NAV (as determined at the time of publication of the interim report for the period to 30 September 2024) of 10% or more, measured on average over the month of January 2025, the Board intends to serve notice to terminate the Investment Advisory Agreement.

As previously disclosed in the Company's prospectuses, a termination fee is payable to the Investment Adviser, in addition to any advisory fee and any performance fee, in respect of the period up to the effective date of termination where the Investment Advisory Agreement is terminated in certain circumstances where there has been no fault on the part of the Investment Adviser including by the Company giving notice. This termination fee will be an amount equal to one year's advisory fee calculated by reference to the Operative NAV (instead of Average Market Capitalisation) as at the effective date of termination.

The IAA Amendment Deeds will provide the Company with greater flexibility and lower ongoing operating costs whilst maintaining the Investment Adviser's alignment with the Company's share price performance.

All other terms of the Investment Advisory Agreement will remain unchanged.

13. Notices of Shareholder Meetings

Enclosed with this letter are notices of the 2023 Annual General Meeting and the Extraordinary General Meeting of the Company, both of which will be held at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY on 26 October 2023. The Notice of Extraordinary General Meeting can be found in Part 6 of this Document and the Notice of 2023 Annual General Meeting can be found in Part 7 of this Document.

The First Disposal will require the approval by Shareholders of the First Disposal Resolution at the Extraordinary General Meeting and of the Continuation Resolution at the 2023 Annual General Meeting. Entitlement to attend and vote at these Shareholder Meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of the Company at the Voting Record Time. All Shareholders whose names appear on the register of members of the Company at 6:30 p.m. on 24 October 2023 or, if either such Shareholder Meeting is adjourned, on the register of members at 6:30 p.m. on the day which is two calendar days before the date fixed for such adjourned Shareholder Meeting, shall be entitled to attend, speak and vote at the relevant Shareholder Meeting in respect of the number of Ordinary Shares registered in their name at the relevant time.

Each Shareholder is entitled to appoint a proxy or proxies to attend, speak and, on a poll, vote instead of him or her. A proxy need not be a Shareholder. Shareholders who return completed Forms of Proxy or appoint a proxy electronically (including through CREST) may still attend the Shareholder Meetings instead of their proxies and vote in person, if they wish and are entitled to do so.

Shareholders should note that the date of the Shareholder Meetings shown throughout this document is subject to change, in particular depending on the outcome of the Go-Shop Process, given that the Shareholder Meetings are scheduled to be held two Business Days following the end of the Go-Shop Period.

If the Go-Shop Process concludes with no Superior Proposal having been received, the Board expects the Shareholder Meetings will proceed on the date stated in this document. In the event a Superior Proposal is received during the Go-Shop Period and the Buyer exercises its matching right, the Board expects it may be necessary to adjourn the Shareholder Meetings to a later date in November 2023. In the event the Board receives a Superior Proposal, the Matching Right Period has expired without the Buyer having matched (or improved upon) such Superior Proposal and the Asset Sale Agreement is terminated in favour of such Superior Proposal, the Board expects that the Extraordinary General Meeting will be adjourned and not rescheduled, and the Annual General Meeting will be rescheduled in November 2023.

If changes to the arrangements for the Shareholder Meetings are required, whether in connection with the Go-Shop Process or otherwise, the Board will notify Shareholders as soon as practicable. Additionally, in the event changes to the terms and conditions of the First Disposal are agreed between the parties to the Asset Sale Agreement, the Board will notify Shareholders of the changes prior to the date of the Shareholder Meetings (or any later date to which the Shareholder Meetings are adjourned). Any such notifications will be made through updates on the Company's website (<https://www.hipgnosissongs.com/song-investors/regulatory-news/>) and announcements through a Regulatory Information Service.

To ask a question on the business of the 2023 Annual General Meeting or the Extraordinary General Meeting prior to the relevant Shareholder Meeting, Shareholders are invited to submit their questions in advance by e-mail to: ir@hipgnosisongs.com marked for the attention of the Company Secretary by 24 October 2023.

14. Action to be taken

At the Extraordinary General Meeting, the First Disposal Resolution will be proposed which, if passed, will approve the First Disposal substantially on the terms and subject to the conditions summarised in Part 2 (*Principal Terms and Conditions of the First Disposal*) of this Document and will authorise the Directors to give effect to the First Disposal. This includes such amendments to the terms and conditions of the First Disposal as the Board may agree with the Buyer (and the other parties to the Asset Sale Agreement) as a result of or in connection with the Go-Shop Process.

Additionally, at the 2023 Annual General Meeting, Shareholders are asked to vote on the Continuation Resolution. The First Disposal is conditional on the passing of the Continuation Resolution as well as the passing of the First Disposal Resolution, among other things.

Your participation and votes matter. I encourage your participation by submitting your votes using the Forms of Proxy ahead of the Shareholder Meetings or voting online in advance or at the Shareholder Meetings. Shareholders may appoint the Chair of the Shareholder Meetings as their proxy to vote on their behalf.

To vote by proxy, I would ask you to complete, sign and return the enclosed Forms of Proxy to register your vote.

Please note that Shareholders not present in person at the Shareholder Meetings will not be able to vote unless they appoint a proxy to vote on their behalf. The deadline for the receipt of proxy appointments and votes is 10:00 a.m. on 24 October 2023 in respect of the 2023 Annual General Meeting and 10:30 a.m. on 24 October 2023 in respect of the Extraordinary General Meeting.

For further information, please see the Notice of Extraordinary Meeting at Part 6 of this Document and the Notice of 2023 Annual General Meeting at Part 7 of this Document.

15. Voting by related parties

The Buyer does not own any Ordinary Shares and therefore will not vote on the First Disposal Resolution and has confirmed that it will take all reasonable steps to ensure that its associates will not vote on the First Disposal Resolution, in respect of any Ordinary Shares its associates may hold at the date of the Extraordinary General Meeting.

16. Additional information

Your attention is drawn to the additional information set out in Part 4 (*Additional Information*) of this Document.

You are advised to read the whole of this Document and not just rely on the key summarised information in this letter.

17. Recommendation

The Board considers the First Disposal to be fair and reasonable as far as Shareholders are concerned and the Directors have been so advised by J.P. Morgan Cazenove (acting in its capacity as sponsor). In providing their advice to the Directors, J.P. Morgan Cazenove have taken into account the Directors' commercial assessment of the First Disposal.

The Board considers the First Disposal and the passing of the First Disposal Resolution and each of the AGM Resolutions to be in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends that Shareholders vote in favour of the First Disposal Resolution to be proposed at the Extraordinary General Meeting and each of the AGM Resolutions to be proposed at the 2023 Annual General Meeting, as each Director who holds Ordinary Shares intends to do in respect of their own beneficial holdings

which, in aggregate, amount to 391,250 Ordinary Shares, representing approximately 0.032 per cent. of the issued share capital of the Company as at the date of this Document.

Yours faithfully,

For and on behalf of the Company

Andrew Sutch
Chair

PART 2

PRINCIPAL TERMS AND CONDITIONS OF THE FIRST DISPOSAL

1. Asset Sale Agreement and ancillary agreements

On 14 September 2023, the Company, the Buyer, the Sellers and the Sellers' Representative entered into the Asset Sale Agreement pursuant to which, subject to the Go-Shop Process and certain conditions (see paragraph 1(b) below), the Sellers agreed to sell all of their respective interests in and to the First Disposal Assets to the Buyer, including the right to all relevant revenues paid since 1 January 2023, whenever such revenues are earned.

At Completion, the Sellers and the Buyer will enter into certain other ancillary agreements. These include assignment and assumption agreements and a copyright assignment agreement.

The Asset Sale Agreement is governed by the laws of the State of Delaware.

(a) Consideration

The Buyer has agreed to pay to the Sellers an aggregate Purchase Price of \$440 million for the First Disposal Assets, payable in cash with at least 80% of the total consideration payable on the date of Completion of the First Disposal. The remainder will be paid (together with interest thereon from the date of Completion) on a *pro rata* basis once acknowledgements of letters of direction in respect of payments for the royalties representing more than 80% of the anticipated revenue of the First Disposal Assets have been received from relevant counterparties. If such acknowledgements have not been received within six months following the date of Completion in respect of any catalogue, the Company will have the option to repurchase such catalogue on the same terms (provided that the Buyer shall not be required to provide warranties, representations, covenants or indemnification other than to the limited extent relating to the period between closing and the date of repurchase and provided that the Company shall be credited with the royalties and other compensation derived from such catalogues since the RTI Date), subject to the Buyer's right to release the relevant portion of the holdback amount in lieu of such repurchase.

As part of the First Disposal, the Company has agreed to assign to the Buyer ownership of all royalties and other compensation derived from the First Disposal Assets, including any royalties and other compensation received by the Company, from the RTI Date, whenever they are received. This amount from 1 January 2023 to 31 August 2023 is approximately \$15.3 million.

The Company will retain responsibility for the payment of any bonus, earn-out or other contingent payments under the original acquisition agreements in respect of the First Disposal Assets, up to a cap of \$30 million. This liability is currently anticipated to be approximately \$5.5 million. The Board believes that bonuses in excess of this estimated liability will not be payable.

(b) Conditions and Completion

Completion of the First Disposal is subject to the satisfaction (or waiver, where applicable) of certain conditions, being in summary:

- (i) the passing of the First Disposal Resolution by independent Shareholders at the Extraordinary General Meeting;
- (ii) the passing of the scheduled Continuation Resolution by Shareholders at the 2023 Annual General Meeting;
- (iii) any applicable waiting period under the HSR Act having expired or terminated;
- (iv) no event or change having occurred that would reasonably be expected to have a material adverse effect on the revenues to be received under the First Disposal Assets taken as a whole (subject to certain carve outs customary to a condition of this nature);
- (v) the representations and warranties given by the Sellers, the Company and the Buyer being true and correct (subject to certain materiality qualifiers);

- (vi) no governmental body having enacted or issued any law or order which prohibits or renders the First Disposal illegal and no action having been commenced by a governmental body that seeks to suspend or prohibit the First Disposal;
- (vii) a representation and warranties insurance policy being in full force and effect and the Company having paid all applicable fees and premiums associated with such policy;
- (viii) the Board not terminating the First Disposal following receipt of a Superior Proposal; and
- (ix) certain other matters including, without limitation, the perfection of title to certain of the First Disposal Assets, the release of encumbrances over the First Disposal Assets and the provision of certain further information from the Company to the Buyer.

The First Disposal is conditional upon the approval of Shareholders of the First Disposal Resolution at the Extraordinary General Meeting because the First Disposal is a related party transaction under the Listing Rules.

In the event that certain identified encumbrances over certain assets are not released at Completion, the Buyer will have the right to withhold 60% of the purchase price in relation to such catalogues until such encumbrances are released. If any such identified encumbrances have not been released within twelve months following the date of Completion in respect of any such First Disposal Assets, the Company will have the option to repurchase such First Disposal Assets on the same terms (provided that the Buyer shall not be required to provide warranties, representations, covenants or indemnification other than to the limited extent relating to the period between closing and the date of repurchase and provided that the Company shall be credited with the royalties and other compensation derived from such First Disposal Assets since the RTI Date), subject to the Buyer's right to pay the appropriate portion of the consideration in lieu of such repurchase.

The Asset Sale Agreement provides for Completion to occur on the 13th Business Day after the date on which all conditions to Completion have been satisfied (or waived, where applicable), or such other time and date as the parties may agree.

(c) Pre-Completion conduct

Conduct of business

The Asset Sale Agreement contains covenants regarding the First Disposal Assets that are customary for a transaction of the size and nature of the First Disposal, including covenants that the Sellers will continue to deal with the First Disposal Assets in the ordinary course of business, will use commercially reasonable endeavours to preserve goodwill and relationships with counterparties to contracts to be assigned to the Buyer, and will not materially modify, amend or dispose of the First Disposal Assets.

Commitment to consummate the First Disposal and satisfy conditions

Each party agrees to use commercially reasonable efforts to do all things necessary or advisable to consummate the transactions contemplated by the Asset Sale Agreement. The Buyer and the Sellers' Representative have also given commitments to make a pre-merger filing in accordance with the HSR Act and to cooperate fully in connection with the making of all necessary antitrust filings and related responses to authorities.

The Sellers undertake to use commercially reasonable efforts to send notices to the holders of any required consents and approvals to the First Disposal and the Buyer agrees to cooperate and use commercially reasonable efforts to cause such consents and approvals to be obtained.

The Company has convened the Extraordinary General Meeting and will put the Continuation Resolution to Shareholders at the 2023 Annual General Meeting. The Company has also, subject to the duties of the Directors, given commitments to support and recommend the First Disposal to Shareholders.

(d) **Warranties and indemnities**

Warranties

The Asset Sale Agreement contains certain representations and warranties given by the Company. These include warranties given by the Sellers in relation to the authorisation and power to enter into the Asset Sale Agreement, details relating to the First Disposal Assets and title to the First Disposal Assets. The Buyer and the Company each similarly gives warranties in relation to authorisation and power to enter into the Asset Sale Agreement.

Indemnities

The Asset Sale Agreement also provides for the Sellers to indemnify the Buyer in respect of failure to meet the requirements of the Asset Sale Agreement in various situations, including in relation to the restoration to the register of certain dissolved companies and the assignment of rights relating to catalogues acquired by those companies.

(e) **Representations & warranties insurance policy**

The Buyer has procured, at the cost of the Company, a representation and warranty insurance policy and will use commercially reasonable efforts to claim against such insurance policy prior to making a claim against the Company or any Seller in respect of warranties covered by the insurance policy.

(f) **Go-Shop Process**

The Company has the right, for a period of 40 calendar days ending on 23 October 2023 (the “**Go-Shop Period**”), to solicit alternative transactions in relation to the First Disposal Assets from third parties (the “**Go-Shop Process**”). If the Company receives and settles the transaction documents in respect of a Superior Proposal (as defined below) during the Go-Shop Period, and not to do so would be inconsistent with the Board’s fiduciary and statutory duties (having consulted with its legal and financial advisers), the Board may withdraw its recommendation to Shareholders of the First Disposal and terminate the Asset Sale Agreement, provided that: (i) the Buyer has the right, within five Business Days of notification of a Superior Proposal to the Buyer, to match the Superior Proposal; and (ii) the Company will pay to the Buyer a termination fee of \$6.6 million (the “**Termination Fee**”). If the Buyer matches the Superior Proposal, such transaction will be final and binding and the Company will not be permitted to have any further discussions or negotiations relating to a Superior Proposal or other alternative transaction with any person.

For the purposes of the Go-Shop Process, a “**Superior Proposal**” is a *bona fide* written alternative transaction proposal from an unaffiliated third party in respect of the First Disposal Assets (or a subset of the First Disposal Assets) which: (i) if completed would result in higher aggregate cash net proceeds payable to the Company as a whole compared to the First Disposal; and (ii) is on terms that the Board determines in good faith (after consultation with the Company’s legal counsel and financial advisers) to be reasonably likely to be consummated in accordance with its terms. For the purposes of the definition of Superior Proposal, the aggregate cash net proceeds payable to the Company pursuant to the First Disposal or an alternative transaction shall be determined in accordance with the following principles:

- deducting any advisory fees and other third party costs (including taxes) payable by the Company and its affiliates;
- deducting the Termination Fee payable to the Buyer from any alternative proposal;
- any amounts of deferred consideration (other than holdback) not payable at closing shall be subject to a discount rate at 12.5% IRR from closing to the date on which such consideration is payable;
- any amounts in respect of holdback in relation to an alternative transaction shall be subject to a discount to such amount as is reasonably probable to actually be paid to the Company, as determined by the Board acting reasonably and in good faith, and in relation to both the First Disposal and an alternative transaction, a discount at a rate of 12.5% IRR from closing to the date on which such consideration is payable (as

determined by the Board acting reasonably) shall be applied, provided that the holdback in respect of the First Disposal shall not be subject to a discount for probability;

- any other contingent consideration in an alternative transaction shall be subject to a discount to such amount as is reasonably probable to actually be paid to the Company, as determined by the Board acting reasonably and in good faith, and further to a discount at a rate of 12.5% IRR from closing to the date on which such consideration is payable (which date will be as is agreed in the alternate proposal, absent which it will be as determined by the Board acting reasonably);
- the revenue to be accounted for to the purchaser subsequent to the date on which ownership of all royalties and other compensation derived from the First Disposal Assets are assigned (being, in respect of the First Disposal, the RTI Date) shall be deducted;
- the Company's liabilities to pay contingent bonuses (being, in relation to the First Disposal, an amount equal to \$5.52 million) shall be deducted; and
- no deduction shall be made for any right to hold-back any consideration at closing in respect of certain encumbered assets.

(g) **Non-solicitation**

Save for the Go-Shop Process, the Company has agreed not to initiate, assist, solicit, facilitate or encourage the submission of any inquiries regarding or the making of any proposal or offer that constitutes, or could reasonably be expected to lead to, any type of transaction relating to the Company or its securities or any of the First Disposal Assets, or any other assets of the Company solely to the extent that such a transaction in relation to such other assets of the Company could reasonably be expected to require the Company to abandon or terminate, or prejudice its ability to, consummate the First Disposal or the breach the agreements relating to the First Disposal.

The Company will not be required to comply with such restrictions in relation to a proposal in relation to an offer for the entire issued share capital of the Company that was not solicited, initiated or encouraged by or on behalf of Company, to the extent that compliance would otherwise be inconsistent with the fiduciary duties of the Board (a "**Takeover Proposal**"). If the Board determines, in response to a Takeover Proposal or otherwise, that not to change its recommendation that Shareholders vote in favour of the First Disposal Resolution at the Extraordinary General Meeting would be inconsistent with the Board's fiduciary duties (having consulted with its legal and financial advisers) and Shareholders subsequently do not approve the First Disposal, the Company will be required to pay the Termination Fee to the Buyer.

(h) **Termination**

The Asset Sale Agreement may be terminated (subject to payment of the Termination Fee, where relevant) by:

- (i) mutual written consent of the Buyer and the Company;
- (ii) either the Company or the Buyer if an order from a governmental body makes consummation of the First Disposal illegal or otherwise prohibited;
- (iii) either the Company or the Buyer if the First Disposal Resolution or the Continuation Resolution is put to Shareholders and not passed;
- (iv) the Company in the circumstances described above where a Superior Proposal has been received;
- (v) either the Company or the Buyer if Completion has not occurred within 180 days following the date of the Asset Sale Agreement.

The Termination Fee would be payable by the Company to the Buyer if the Asset Sale Agreement is terminated pursuant to the right described at paragraph 1(h)(iv) above. A No-Vote Fee would be payable in circumstances where the Board withdraws its recommendation for the First Disposal, other than in respect of a Superior Proposal, and Shareholders do not subsequently approve the First Disposal Resolution.

PART 3
VALUATION REPORT

Citrin Cooperman Advisors LLC

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**VALUATION OF
THE TWENTY-NINE CATALOGUES IN HIPGNOSIS SONGS FUND LIMITED
AS OF 3/31/2023**

28 September, 2023

The Directors
Hypnosis Songs Fund Limited
PO Box 286
2nd Floor
Trafalgar Court, Les Banques
St. Peter Port
Guernsey GY1 4LY

Re: Valuation of Twenty-Nine Catalogues of Hypnosis Songs Fund Limited

Dear Directors:

The Board of Directors of Hypnosis Songs Fund Limited (the “Fund”) has engaged Citrin Cooperman Advisors LLC¹ on a semiannual basis to conduct independent valuation services related to the Fund, which includes 29 of its catalogues (the “29 Catalogues”). Pursuant to your request, we have prepared a summary report opining as to the fair market value of the 29 Catalogues as of 31/03/2023 (the “Valuation Date”).

This Valuation Report is provided solely to the Fund for its corporate planning purposes and for inclusion (in whole and/or as summarised by the Fund) within any shareholder circular to be published by the Fund in connection with the proposed sale of the 29 Catalogues to a related party of the Fund (the “Sale”) (a “Circular”) and for no other purpose. This Valuation Report must not, without our prior written consent, be used for any other purpose, and, notwithstanding any such consent, must not be relied upon by any third party in any circumstances whatsoever. Accordingly, we assume no responsibility in respect of this Valuation Report to any third party including, without limitation, any actual or potential purchaser of the 29 Catalogues, or person investing in or seeking to acquire control of the Fund, or to any person connected to or acting in concert with any such person. To the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any person for any loss suffered as a result of reliance on, or otherwise arising out of or in connection with, this Valuation Report (whether in contract, tort, by statute or otherwise) or any consent given by us pursuant to Listing Rule 13.6.1R(9), or any update or confirmation of either that we may issue.

Save for in any Circular and any announcement relating such to Circular published by the Fund, the Fund will not refer to us or this Valuation Report in any public document or communication (in any form whatsoever) without our prior written consent. The Fund and its advisers will be solely responsible for any such public document or communication, and we do not and will not accept responsibility for or authorise the contents of, and shall not be represented as having accepted responsibility for or having authorised the contents of, all or any part of any such document or communication for any purpose.

In providing this Valuation Report we are not making any recommendation to any person regarding the proposed Sale or any other investment decision or expressing an opinion on the fairness of the terms of the proposed Sale or the terms of any arrangement involving the Fund’s assets. The overall assessment of the terms of the proposed Sale and the decision on whether to proceed with the proposed Sale must be made by the Fund and any investor in the light of their own commercial assessments.

We confirm that we do not consider that any conflict of interest arises for us in preparing this Valuation Report and that the valuation set out in this report has been conducted by valuers who are independent of the Fund.

Based upon the information and financial data provided and representations received, in our opinion the fair market value of the 29 Catalogues as at 31 March 2023 is \$533,519,873.

¹ “Citrin Cooperman” is the brand under which Citrin Cooperman & Company, LLP, a licensed independent CPA firm, and Citrin Cooperman Advisors LLC serve clients’ business needs. The two firms operate as separate legal entities in an alternative practice structure. Citrin Cooperman is an independent member of Moore North America, which is itself a regional member of Moore Global Network Limited (MGNL).

The conclusions and opinions expressed in this letter and the accompanying report are contingent upon the qualifying factors set forth in the *Assumptions and Limiting Conditions* attached to this report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read 'B Massarsky', with a stylized, cursive script.

Barry Massarsky, Partner
Co-Leader, Music Economics
and Valuation Services Practice

A handwritten signature in dark ink, appearing to read 'N Matsuura', with a stylized, cursive script.

Nari Matsuura, Partner
Co-Leader, Music Economics
and Valuation Services Practice

I. INTRODUCTION

Purpose

Citrin Cooperman Advisors LLC was retained to render an independent opinion as to the fair market value of the 29 Catalogues. We understand this opinion is being prepared for the Fund's corporate planning purposes and for inclusion (in whole and/or as summarised by the Fund) within any Circular, to enable the Fund to comply with Listing Rule 13.6.1R(4) and for no other purpose.

Standard of Value

The standard of value is fair market value. Fair market value is defined as:

*“the price, expressed in terms of cash equivalents, at which property would change hands between a hypothetical willing and able buyer and a hypothetical willing and able seller, acting at arms' length in an open and unrestricted market, when neither is under compulsion to buy or sell and when both have reasonable knowledge of the relevant facts.”*²

The valuation will be consistent with fair market guidelines. IFRS 13 defines “fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price).”

² Statement on Standards for Valuation Services No. 1, American Institute of Certified Public Accountants, June 2007.

II. ABOUT THE FUND

Hipgnosis Songs Fund Limited

Hipgnosis Songs Fund Limited is a fund exclusively dedicated to investments in revenue generating music copyright assets. The Fund contains the copyrights to proven hit songs from some of the world's most prominent songwriters and artists.

III. HISTORICAL EARNINGS PERFORMANCE

Historical earnings performance provided by management has been reviewed in conjunction with our analysis.

IV. DETERMINATION OF FAIR MARKET VALUE

There are three common approaches applied in determining fair market value, each of which is described below.

- **Asset Approach** – this approach is based on the value of the subject's assets net of liabilities and should be considered in the valuation of an investment holding company, real estate holding company, or a business appraised on a basis other than as a going concern. This approach is not relevant for the current matter.
- **Market Approach** – this approach determines the value of an asset through the comparison of the subject to similar businesses that have been sold. This approach is not relevant for the current matter.
- **Income Approach** – this approach determines the value of an asset by converting anticipated economic benefits into a present single amount using procedures that consider the expected growth and timing of the benefits, the risk profile of the benefits stream and the time value of money. The two common methods used under the income approach are the capitalization of benefits method and the discounted cash flow method. In the capitalization of benefits method, a representative benefit level is divided or multiplied by an appropriate capitalization factor to convert the benefit to value. In the discounted cash flow method, benefits are estimated for each of several future periods, and are converted to value by applying an appropriate discount rate and using present value procedures.

We relied on the income approach, and specifically applied the discounted cash flow ("DCF") method to estimate the fair market value of the 29 Catalogues.

Discounted Cash Flow Method

The DCF method is based on the economic principle of expectation. That is, the value of an asset to a hypothetical buyer or a hypothetical seller is estimated by projecting the future economic benefits or cash flows that a buyer can reasonably expect to receive from the asset. The future benefit streams are then discounted back to the valuation date, at a rate reflecting the risk associated with generating those benefits, to establish a value of the asset.

1. Steady State Catalogues

Steady state refers to catalogues whose earnings have reached steady state; that is, their earnings are no longer on a lifecycle curve following release. These catalogues have been included in our analysis.

2. Baseline Value

The baseline refers to the earnings value against which the 2024e growth rate was applied.

3. Adjustments

Earnings adjustments were made for a number of catalogue specific reasons.

4. Streaming Mechanical Uplift

On July 1, 2022, the CRB made its final decision to increase streaming mechanical royalty rates under Phonorecords III which covered the period 2018 – 2022. As part of the Phonorecords III decision, the streaming services and Mechanical Licensing Collective (MLC) will be making retroactive payments for the

period under the Phonorecord III ruling. This decision was followed on August 31, 2022, by the settlement of the rate increases for Phonorecords IV which covers the period 2023 – 2027. We considered the streaming mechanical uplift and the Phonorecords III back-pay in our analysis.

5. Alternative Platform Licensing³

Earnings collected from Alternative Platform Licenses were included in our analysis.

6. Administration Rate Uplifts

Specific catalogues in the Fund will have future earnings impacted by more favorable administration rate terms, which were considered in our analysis.

7. Taxes

Taxes are customarily not included in the valuation of music assets, since the funds acquiring these assets are typically situated in favorable tax havens.

8. Discount Rate

A discount rate was used to calculate the Net Present Value (NPV) of projected earnings of the Fund's assets, which represents the value of the portfolio.

9. Terminal Value

Terminal growth rates were applied after the discrete projection period.

V. CONCLUSION

It is our opinion that the fair market value, based on all of the factors described in this report, of \$533,519,873 for the 29 Catalogues is appropriately applied.

³ Includes earnings from licenses with Facebook and TikTok.

CURRICULUM VITAE OF BARRY MASSARSKY

PROFESSIONAL EXPERIENCE

- Barry Massarsky is a partner and co-leader of the firm's Music Economics and Valuation Services Practice. He has over 30 years of experience acting as a key advisor in the music industry serving the valuation interests of music publishing and recording label firms. He provides strategic counsel to owners of music copyrights, as well as valuation, litigation economics, and performance income review. Mr. Massarsky is known for his high value relationships with performance rights organizations, music publishers, record companies, music industry trade organizations, and music litigation firms.
- Mr. Massarsky has pioneered the field of music copyright economics serving revenue-related interests within the U.S. music industry, facilitating strategic opportunities for advancing royalty income, and inspiring new license regimes. His experience also extends to the music production library marketplace where he has led many performing rights initiatives on behalf of both its trade organization and individual market leaders. Mr. Massarsky has worked with commercial lenders, private equity, and other financial investors who are acquiring music asset rights.

EDUCATIONAL BACKGROUND AND CREDENTIALS

- Massarsky received a Bachelor of Arts, cum laude, from Boston University, and a Master of Business Administration from Cornell University.
- Previously, Mr. Massarsky was the founder of Massarsky Consulting, a leading copyright economics consultancy, which joined Citrin Cooperman in 2022. Prior to founding Massarsky Consulting, Barry was a Senior Economist at American Society of Composers, Authors and Publishers (ASCAP).

CURRICULUM VITAE OF NARI MATSUURA

PROFESSIONAL EXPERIENCE

- Nari Matsuura is a partner and co-leader of the firm's Music Economics and Valuation Services Practice. She has transformed the custom and practice of music valuation and supports most of the institutional funds transacting in this market. In 2022 alone, she led over 400 music asset valuations valued at over \$9 billion.
- Ms. Matsuura performs full-scale valuations of music publishing and recorded music assets on behalf of buyers, sellers, and lenders. Her valuation clients include major music funds, music publishers, record companies, private equity firms, banks, business managers, estates, as well as the creators themselves.
- Ms. Matsuura has over 20 years of experience as an economist in the music industry, including valuation, litigation economics, process evaluation, performance income forecasting, cost analysis, strategy, evaluating new business opportunities, and developing license models.
- Previously, Nari was a partner at Massarsky Consulting, which joined Citrin Cooperman in 2022. Prior to joining Massarsky in 2001, Nari was a concert pianist and recording artist, widely recognized for her performances in major venues throughout North America and Asia.

EDUCATIONAL BACKGROUND AND CREDENTIALS

- Ms. Matsuura received Bachelor of Music and Master of Music degrees from the Juilliard School, and a Master of Business Administration from Cornell University.

STATEMENT OF CERTIFICATION

We certify that, to the best of our knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, unbiased, professional analyses, opinions, and conclusions.
- We have no present or prospective interest in the asset or property that is the subject of this report, and we have no personal interest or bias with respect to the parties involved.
- Our compensation and our firm's compensation are not contingent on any action or event resulting from the analyses, opinions or conclusions in, or the use of, this report.
- This summary report encompasses all disclosure requirements as required in accordance with the AICPA's Business Valuation Standards known as SSVS 1.
- This summary report has been made only for the purpose stated and shall not be used for any other purpose. Other than as expressly permitted by this report, the report, its conclusions and its contents may not be used, copied or transmitted in any form, in whole or in part, by any party without the prior written permission of Citrin Cooperman Advisors LLC.
- The conclusions as to fair market value contained herein represent the opinion of the undersigned and are not to be construed in any way as a guarantee or warranty, either expressed or implied, that the interest being valued herein will actually sell for the fair market value contained in this opinion.
- Jake DeVries and Sam Lowry provided notable assistance in the research and preparation of the analysis and this report.



Barry Massarsky, Partner
Co-Leader, Music Economics
and Valuation Services Practice



Nari Matsuura, Partner
Co-Leader, Music Economics
and Valuation Services Practice

STATEMENT OF GENERAL ASSUMPTIONS AND LIMITING CONDITIONS

This valuation report has been made with the following general assumptions and limiting conditions:

1. No investigation has been made of, and no responsibility is assumed for, the legal description or for legal matters, including title or encumbrances. Title to assets is assumed to be good and marketable unless otherwise stated. Assets are further assumed to be free and clear of any or all liens, easements or encumbrances unless otherwise stated.
2. Information furnished by others, upon which all or a portion of this report is based, is believed to be reliable, but has not been verified in all cases. No warranty is given as to the accuracy of such information. Our work does not constitute an audit, nor have we attempted to confirm the information provided to us for accuracy and completeness, except within the framework of the valuation process; we do not express an opinion or any form of assurance on them. Accordingly, our work was not conducted in accordance with generally accepted auditing standards. In addition, we have not conducted a forensic examination of the books and records of the financial information provided for the Musical Works. Such an examination, if conducted, might lead us to a different opinion of value.
3. Public, industry and statistical information have been obtained from sources we believe to be reliable. However, we make no representation as to the accuracy or completeness of such information and have performed no procedures to corroborate the information.
4. No responsibility is taken for changes in market conditions, and no obligation is assumed to revise this summary valuation report to reflect events or conditions which occur subsequent to the date hereof.
5. This report and the conclusion of value arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. They may not be used for any other purpose or by any other party for any purpose.

PART 4

ADDITIONAL INFORMATION

1. Name and registered office

- (a) The Company is a company limited by shares incorporated in Guernsey under the Companies (Guernsey) Law, 2008, with the name Hipgnosis Songs Fund Limited and registered number 65158.
- (b) The registered office of the Company is Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY. The Company's website is <https://www.hipgnosissongs.com/song-investors/regulatory-news/> and the telephone number of its registered office is +44 (0)1481 742 742.

2. Major Interests in Ordinary Shares

As at 27 September 2023 (being the Latest Practicable Date prior to the publication of this Document), so far as the Directors are aware no person other than those listed below was interested, directly or indirectly, in 3 per cent. or more of the voting rights attaching to Ordinary Shares in the Company (calculated exclusive of treasury shares):

Shareholder	Number of Ordinary Shares	% holding
Rathbones Investment Management Ltd*	109,387,209	9.05%
Newton Investment Management	101,773,038	8.42%
Aviva plc	81,372,400	6.76%
Cazenove Capital Management	76,111,888	6.29%
Brewin Dolphin	70,628,003	5.84%
CCLA Investment Management	59,007,436	4.88%
BlackRock	38,587,684	3.19%
AVI Global Trust plc	37,851,245	3.13%

*An all-share combination of Rathbones Group Plc with Investec Wealth & Investment Limited completed on 21 September 2023

3. Significant change

There has been no significant change in the financial position of the Group which has occurred since the end of the last financial period for which its audited financial statements have been published, being 31 March 2023, up to the date of this Document.

4. Material Contracts

- (a) Save as set out in this paragraph 4, no contracts (not being contracts entered into in the ordinary course of business) have been entered into by the Company or another member of the Group within the two years immediately preceding the date of this Document which are, or may be, material to the Company or another member of the Group, or have been entered into at any time and contain an obligation or entitlement which is, or may be, material to any member of the Group as at the date of this Document.

(b) Credit Agreement

On 30 September 2022, the Parent Guarantor and the Borrower entered into the Credit Agreement, the initial borrowings under which were used to repay in full the Amended and Restated Credit Agreement. Under the Credit Agreement, the Borrower may request (subject to agreement by the lenders) an increase in the revolving credit facility commitments by a further \$150 million. Unless previously terminated, the revolving credit facility commitments under the Credit Agreement terminate on 30 September 2027. The obligations of the Borrower and the other Loan Parties (as defined in the Credit Agreement) are guaranteed by the Company and its subsidiaries and secured with substantially all of the assets of the Company and its subsidiaries (subject to certain exclusions as described further in the Loan Documents (as defined in the Credit Agreement)).

The Credit Agreement includes three financial covenants:

- (i) the loan to value, calculated as the consolidated total indebtedness of the Company and its subsidiaries divided by the value of its catalogues, must not at any time exceed 40 per cent.;
- (ii) the consolidated total debt leverage ratio, calculated as the ratio of the consolidated total indebtedness of the Company and its subsidiaries to consolidated EBITDA of the Company and its subsidiaries, must not be greater than 7.00:1.00; and
- (iii) the consolidated fixed charge coverage ratio, calculated as consolidated EBITDA of the Company and its subsidiaries, minus taxes paid in cash, to consolidated fixed charges, must not at any time be less than 1.00:1.00.

(c) **Amendment No. 1**

The Company, the Borrower and the other Loan Parties (as defined in the Credit Agreement), among others, entered into Amendment No. 1 on 14 September 2023. Subject to satisfaction of certain conditions precedent listed therein, Amendment No. 1 amends the Credit Agreement concurrently with the Completion, including, among others, the following amendments to key terms and conditions:

- (i) the covenant restricting disposals will be amended to permit the First Disposal and corresponding release of the lien in favour of the Administrative Agent and the lenders on the First Disposal Assets, provided that: (1) the First Disposal is for fair market value (evidenced by a valuation by Virtu Global Advisors, LLC showing that the fair market value of the First Disposal Assets is not materially higher than the purchase price received with respect to the First Disposal) and 100% cash consideration; and (2) the net proceeds of the First Disposal are applied firstly in prepayment of loans of at least \$250 million on the date of the Completion, with revolving credit facility commitments being permanently reduced correspondingly, and secondly for the purposes of share buy back;
- (ii) the covenant restricting share buy backs and other restricted payments will be amended to permit the share buy back, solely to the extent the share buy back is funded by the proceeds of the First Disposal remaining after the prepayment of the loans described in sub-paragraph (i) above, and provided that any share buy back must take place within 18 months of the amendments in Amendment No. 1 becoming effective (the “**Specified Period**”). Any remaining proceeds from the First Disposal that are not used for the share buy back must be used to prepay the loans under the credit agreement at the end of the Specified Period;
- (iii) the definitions of “Consolidated Fixed Charge Coverage Ratio” and “Consolidated Fixed Charges” will be amended to ensure that the First Disposal, the prepayment referred to in sub-paragraph (i) above and the share buy backs are taken into account for the purpose of calculating the Consolidated Fixed Charge Coverage Ratio; and
- (iv) the limit for any future increase in revolving facility commitments will be increased from \$150 million to \$400 million.

Amendment No. 1 also provides for the release of liens on the First Disposal Assets concurrently with the Completion. Amendment No. 1 will terminate in the event that: (1) the amendments in Amendment No. 1 are not effective within six months after the date of its execution; (2) the Asset Sale Agreement is terminated or a public announcement is made by the Loan Parties (as defined in the Credit Agreement) or Hipgnosis Song Management Limited that the First Disposal will not be consummated; or (3) the Borrower and the Loan Parties agree in writing to terminate the Amendment.

(d) **Amendment to the Investment Advisory Agreement**

The Company, UK Subco and the Investment Adviser entered into an agreement on 12 October 2021 in which they agreed to amend the Investment Advisory Agreement in the following material respects:

- (i) the Company gave its consent to the Investment Adviser acting as investment adviser to: (i) a newly formed investment vehicle, and its group entities, to be managed and/or advised exclusively by an affiliate of Blackstone Inc.; and (ii) any other future investment

vehicle to be managed and/or advised exclusively by an affiliate of Blackstone Inc. (each a “**Blackstone Fund**”);

- (ii) the Company and UK Subco consented to Blackstone Inc. or Blackstone Funds making an investment in the Investment Adviser;
- (iii) the parties agreed to co-investment arrangements for participation in potential investments to be allocated as to 20% to the Company and as to 80% to the Blackstone Funds;
- (iv) the Investment Adviser agreed to allocate certain costs and expenses incurred by the Company and members of the Group in a fair and equitable manner between the Company and any Blackstone Fund;
- (v) the parties agreed that proprietary and intellectual property rights generated in the provision of the Investment Adviser’s services to the Company would be owned by the Investment Adviser and, to the extent required, licensed to the Company;
- (vi) the Investment Adviser agreed to licence to the Company certain trademarks previously licensed to the Company by Merck Mercuriadis;
- (vii) the Company agreed, subject to funds raised by the Company at the relevant time being substantially invested, not to unreasonably withhold or delay its consent to the Investment Adviser providing services similar to those provided to the Company to persons other than the Blackstone Funds; and
- (viii) the Investment Adviser agreed that where the Company or a member of the Group purchases any asset from or sells any asset to a member of the Investment Adviser’s group the Company or Group member, as the case may be, shall be in no worse position than they would have been in had they effected that transaction in the open market on the best terms available.

The parties agreed variations to the provisions of the Investment Advisory Agreement relating, among other matters, to the manner of giving of instructions by the Company to the Investment Adviser, confidentiality and conflicts of interest, including the adoption by the Investment Adviser of a new conflict of interest policy.

- (e) A description of the principal terms of the Asset Sale Agreement is set out in Part 2 (Principal Terms and Conditions of the First Disposal) of this Document and a description of the principal terms of the IAA Amendment Deeds is set out in paragraph 12 of Part 1 of this Document.

5. Consents

- (a) J.P. Morgan Cazenove has given and has not withdrawn its written consent to the inclusion in this Document of its name and references to it in the form and context in which they appear.
- (b) Citrin Cooperman has given and has not withdrawn its written consent to the inclusion of its Valuation in Part 3 (*Valuation Report*) of this Document in the form and context in which it appears.

6. Documents available for inspection

Copies of the following documents will be available for physical inspection during normal business hours on any UK Business Day at the registered office of the Company and published on the Company’s website <https://www.hipgnosissongs.com/song-investors/company-documents> from the date of this Document up to and including the conclusion of the Extraordinary General Meeting:

- (a) the memorandum and articles of incorporation of the Company;
- (b) the IAA Amendment Deeds;
- (c) Citrin Cooperman’s Valuation which is set out in Part 3 (*Valuation Report*) of this Document;
- (d) the written consent letters referred to in paragraph 5 of this Part 4 (*Additional Information*) of this Document; and
- (e) this Document and the Forms of Proxy.

PART 5

DEFINITIONS

The following definitions apply throughout this Document and the accompanying Forms of Proxy unless the context otherwise requires:

“AGM Resolutions”	each of the shareholder resolutions to be proposed at the 2023 Annual General Meeting, as set out in the Notice of 2023 Annual General Meeting
“2023 Annual General Meeting”	the 2023 annual general meeting of the Company, scheduled to be held on 26 October 2023 at 10:00 a.m. at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY
“Amended and Restated Credit Agreement”	the amended and restated revolving credit facility agreement dated 2 April 2020 among the Parent Guarantor, the Company, the lenders party thereto, the English Security Agent and the Administrative Agent (as amended, restated, supplemented and otherwise modified from time to time prior to 30 September 2022, the date on which it was repaid in full with borrowings from the Credit Agreement)
“Amendment No. 1”	the Amendment No. 1 to Credit Agreement, dated 14 September 2023, among the Administrative Agent, the lenders party thereto, the Borrower, the Parent Guarantor and the other Loan Parties (as defined in the Credit Agreement) party thereto, which amends the Credit Agreement concurrently with the Completion
“Asset Sale Agreement”	the master purchase agreement between the Company, the Buyer, the Sellers and the Sellers’ Representative dated 14 September 2023 relating to the proposed sale by the Company of the First Disposal Assets
“Average Market Capitalisation”	means, in relation to each month during the relevant accounting period where the advisory fee is payable, (“A” multiplied by “B”) where: “ A ” is the average of the middle market quotations of the Ordinary Shares for the five day period ending on the last Business Day of the relevant month in that accounting period (adjusted as appropriate to exclude any dividend where the Ordinary Shares are quoted ex such dividend at any time during that five day period); and “ B ” is weighted average of the number of Ordinary Shares in issue (excluding any Shares held in treasury) at the end of each day during the relevant month in that accounting period
“Blackstone Inc.”	Blackstone Inc., a Delaware corporation with its registered address at 345 Park Avenue, New York, New York 10154
“Business Day”	a day other than Saturday, Sunday or a public holiday on which banks are closed under the laws of the State of New York and London, England
“Buyer”	Hipgnosis SC IV (Delaware) L.P., a Delaware limited partnership with its registered address at c/o Intertrust Corporate Services Delaware Ltd, 200 Bellevue Parkway, Suite 220, Wilmington, Delaware 19809, United States of America
“certificated” or “in certificated form”	in certificated form (that is, not in CREST)
“Citrin Cooperman”	Citrin Cooperman Advisors LLC

“Company”	Hipgnosis Songs Fund Limited, an investment company limited by shares incorporated under the laws of Guernsey with registered number 65158
“Completion”	completion of the First Disposal pursuant to the Asset Sale Agreement
“Continuation Resolution”	ordinary resolution 12 set out in the Notice of 2023 Annual General Meeting, pursuant to which Shareholders are asked to approve the continuation by the Company of its business as a closed-ended investment company
“Credit Agreement”	the \$700,000,000 revolving credit facility agreement, dated 30 September 2022 (as amended, restated, supplemented or otherwise modified from time to time, including, as of the date of Completion, among the Company, as parent guarantor (the “Parent Guarantor”), UK Midco, as borrower (the “Borrower”), the lenders party thereto, Wilmington Trust (London) Limited, as English security agent (the “English Security Agent”), and City National Bank, as administrative agent (the “Administrative Agent”)
“CREST”	the computerised settlement system operated by Euroclear which facilitates the transfer of title to shares in uncertificated form
“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual Daily Timetable, CREST Application Procedure and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear on 15 July 1996 and as amended since)
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No.3755)
“Directors” or “the Board”	the directors of the Company whose names are set out on page 8 of this Document
“Disposals”	the First Disposal and the Second Disposal
“Document”	this document
“Euroclear”	Euroclear UK & Ireland Limited (previously CRESTCo Limited)
“Extraordinary General Meeting”	the extraordinary general meeting of the Company convened to take place on 26 October 2023 at 10:30 a.m. at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY, notice of which is set out in Part 6 of this Document
“Fair Value”	means the fair value as calculated by Citrin Cooperman
“FCA”	the Financial Conduct Authority in the UK
“First Disposal”	the proposed disposal of the First Disposal Assets to the Buyer for aggregate cash consideration of \$440 million pursuant to the terms of the Asset Sale Agreement
“First Disposal Assets”	the 29 music catalogues to be sold pursuant to the First Disposal
“First Disposal Resolution”	the ordinary resolution to be proposed at the Extraordinary General Meeting, the full text of which is set out in the Notice of Extraordinary General Meeting

“Forms of Proxy”	the personalised forms of proxy accompanying this Document issued for use by Shareholders in connection with the Extraordinary General Meeting and the 2023 Annual General Meeting, as applicable
“FSMA”	the Financial Services and Markets Act 2000 in the UK, as amended from time to time
“Go-Shop Period”	the 40 calendar day period ending on 23 October 2023 during which the Company and its advisers may seek alternative offers for the First Disposal Assets (or a subset thereof)
“Go-Shop Process”	the process of soliciting and negotiating alternative offers for the First Disposal Assets (or a subset thereof) that the Company and the Sellers have the right to conduct during the Go-Shop Period including, if relevant, the process of the Buyer exercising its right to match (or better) any Superior Proposal during the Matching Right Period
“Group”	the Company and its subsidiaries and “member of the Group” shall be construed accordingly
“Hipgnosis Songs Capital”	Hipgnosis Songs Assets (Delaware) L.P. and its affiliates collectively
“HSR Act”	the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended)
“IAA Amendment Deeds”	the IAA Fees Amendment Deed and the Second IAA Amendment Deed
“IAA Conflicts Side Letter”	the amendment agreement to the Investment Advisory Agreement dated 14 September 2023 for the purposes of managing the Investment Adviser’s role and conflicts of interest in respect of the First Disposal and the Go-Shop Process
“IAA Fees Amendment Deed”	the deed dated 14 September 2023 amending the Investment Advisory Agreement pursuant to which, conditional on Completion of the First Disposal to the Buyer, the calculation of the annual advisory fee payable by the Company to the Investment Adviser will be amended, as further described in paragraph 12 of the Letter from the Chair in Part 1 of this Document
“IFRS”	International Financial Reporting Standards
“Investment Adviser” or “HSM”	Hipgnosis Song Management Ltd
“Investment Advisory Agreement”	the investment advisory agreement dated 27 June 2018 between the Company, certain subsidiaries of the Company and the Investment Adviser, as amended from time to time
“IPO”	the Company’s initial public offering and first admission of its Ordinary Shares to trading on the Specialist Fund Segment of the Main Market of the London Stock Exchange, which became effective on 11 July 2018
“IRR”	internal rate of return
“J.P. Morgan Cazenove”	J.P. Morgan Securities plc, which conducts its UK investment banking business as J.P. Morgan Cazenove
“Latest Practicable Date”	27 September 2023
“Listing Rules”	the Listing Rules published by the FCA in accordance with section 73A(2) of FSMA
“London Stock Exchange”	London Stock Exchange plc

“Matching Right Period”	in the event the Board notifies the Buyer of a Superior Proposal, the period of five Business Days the Buyer then has to match (or better) such Superior Proposal
“NAV”	net asset value
“Net Publisher Share”	revenue collected by publishers from PROs, net of contractual royalties due to writers i.e. deductions for administration and publishing fees
“Notice of 2023 Annual General Meeting”	the notice of the 2023 Annual General Meeting, which is set out in Part 7 of this Document
“Notice of Extraordinary General Meeting”	the notice of Extraordinary General Meeting, which is set out in Part 6 of this Document
“No-Vote Fee”	a fee of \$6.6 million (being 1.5% of the Purchase Price) payable by the Company to the Buyer in the event that the Board withdraws its recommendation for the First Disposal, other than in respect of a Superior Proposal, and Shareholders do not subsequently approve the First Disposal Resolution
“Official List”	the official list of the FCA
“Operative NAV”	means NAV as adjusted for the fair value of catalogues of songs
“Ordinary Shares”	redeemable ordinary shares of no par value in the capital of the Company
“Original Credit Agreement”	the revolving credit facility agreement dated 29 August 2019, between, among others, the Borrower, the Parent Guarantor, the lenders party thereto, the English Security Agent and JPMorgan Chase Bank, N.A., as Administrative Agent (as amended, restated, supplemented or otherwise modified from time to time, including by the Amended and Restated Credit Agreement)
“Person”	any individual, sole proprietorship, partnership, limited liability company, joint venture, trust, unincorporated association, corporation, entity or government (whether Federal, state, county, city or otherwise, including, any instrumentality, division, agency or department thereof)
“PFAR”	a non-IFRS measure which represents the royalty revenue earned in a 12-month period by the portfolio of songs held by the Company at a specific date, largely based on royalty statements received, irrespective of whether the songs were owned by the Company over the period analysed. This is unlike IFRS 15 revenue which is accounted for from acquisition date and PFAR does not include any revenue accruals which are accounted for under IFRS
“PRA”	the Prudential Regulation Authority in the UK
“PRO”	a performing rights organisation, such as PRS or BMI, which represents and collects performance royalties for and on behalf of each of its members
“Purchase Price”	the purchase price of \$440 million payable by the Buyer to the Sellers under the terms of the First Disposal
“Registrar”	Computershare Investor Services (Guernsey) Limited
“RTI”	the right to income, revenues and other amounts receivable in respect of a catalogue
“RTI Date”	1 January 2023

“Second Disposal”	subject to completion of legal documentation and the consent of the Company’s lending banks under the Credit Agreement, the proposed sale of the Second Disposal Assets for aggregate consideration of approximately \$25 million, as announced by the Company on 14 September 2023
“Second Disposal Assets”	the portfolio of non-core songs to be sold pursuant to the Second Disposal
“Second IAA Amendment Deed”	the deed dated 27 September 2023 amending the Investment Advisory Agreement, as further described in paragraph 12 of the Letter from the Chair in Part 1 of this Document
“Sellers”	Hipgnosis SFH I Limited and Hipgnosis SFH XX Limited
“Sellers’ Representative”	Hipgnosis SFH I Limited
“Share Buy Back Programme”	the on-market share buy back programme of up to \$180 million proposed to be launched, subject to shareholder approval, following Completion
“Shareholder Meetings”	the 2023 Annual General Meeting and the Extraordinary General Meeting
“Shareholders”	holders of Ordinary Shares and each a “Shareholder”
“Subsidiary”	as defined in section 1159 of the 2006 Act
“Superior Proposal”	A written proposal from a third party that the Board determines in good faith (after consultation with the Company’s external legal and financial advisers): 1. delivers to the Company higher aggregate net proceeds than the First Disposal to the Buyer; and 2. to be reasonably likely to be consummated in accordance with its terms, as more particularly described in paragraph 1(f) of Part 2 of this Document
“Termination Fee”	a fee of \$6.6 million (being 1.5% of the Purchase Price) payable by the Company to the Buyer in circumstances where the Asset Sale Agreement is terminated to enable the Sellers to pursue a Superior Proposal
“Transactions”	the First Disposal, the Second Disposal, the Share Buy Back Programme and the other transactions referred to in this circular
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“UK Business Day”	a day (other than a Saturday or Sunday) in which clearing banks in the City of London and Guernsey are generally open for business
“UK Midco”	Hipgnosis Holdings UK Limited
“UK Subco”	Hipgnosis SFH I Limited (formerly Hipgnosis Songs Holdings UK Limited)
“Valuation”	the independent valuation prepared by Citrin Cooperman in respect of the First Disposal Assets as at 31 March 2023 which is set out in Part 3 (<i>Valuation Report</i>) of this Document
“Voting Record Time”	6:30 pm on 24 October 2023 or, if either of the Shareholder Meetings is adjourned, in respect of the adjourned Shareholder Meeting, 6:30 p.m. on the day which is two calendar days before the date set for the reconvened Shareholder Meeting
“£” or “Pounds Sterling” or “Sterling” or “GBP”	British pounds sterling and “p” or “pence” means British pence

**“\$” or “USD” or “US\$” or
“Dollars”**

United States dollars and “cents” means United States cents

PART 6

NOTICE OF EXTRAORDINARY GENERAL MEETING

HIPGNOSIS SONGS FUND LIMITED

*(an investment company limited by shares incorporated under the laws of Guernsey
with registered number 65158)*

NOTICE is hereby given that an Extraordinary General Meeting of Hipgnosis Songs Fund Limited (the “**Company**”) will be held at 10:30 a.m. on 26 October 2023 (or as soon thereafter as the Annual General Meeting of the Company convened for 10:00 a.m. on that day (the “**2023 Annual General Meeting**”) has been concluded or adjourned) at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY for the purposes of considering and, if thought fit, passing the following resolution which will be proposed as an ordinary resolution.

Voting on this resolution will be by way of poll.

1. **THAT:**

- (a) the proposed sale by the Company of the First Disposal Assets to Hipgnosis SC IV (Delaware) L.P., as defined in and described in the circular to the Company’s shareholders dated 28 September 2023 (the “**Circular**”), substantially on the terms set out in the asset sale agreement dated 14 September 2023 or on such other terms as may be agreed between the parties to the asset sale agreement as a result of or in connection with the Go-Shop Process (as defined in the Circular) (the “**First Disposal**”), together with any other agreements and ancillary documents contemplated therein, be and are approved, with any changes as are permitted in accordance with resolution (b) below; and
- (b) the directors of the Company (the “**Directors**”) be and are authorised to do or procure to be done all such acts and things on behalf of the Company and any of its subsidiaries as the Directors consider necessary, expedient or desirable in connection with, and to implement, the First Disposal and to agree such modifications, variations, revisions, waivers, extensions, additions or amendments (not being modifications, variations, revisions, waivers, extensions, additions or amendments of a material nature) as the Directors may in their absolute discretion deem necessary, expedient or desirable in connection with the First Disposal.

BY ORDER OF THE BOARD

Ocorian Administration (Guernsey) Limited
Company Secretary

28 September 2023

PO Box 286
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Notes to the Notice of Extraordinary General Meeting

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend, speak and vote at the Extraordinary General Meeting. A member so entitled may appoint one or more proxies to exercise all or any of their rights to attend, speak and vote at the Extraordinary General Meeting on their behalf. The proxy need not be a member of the Company. A proxy must vote as its appointing Shareholder instructs and must attend the Extraordinary General Meeting for such Shareholder's vote to be counted.
2. A white Form of Proxy is enclosed with this notice. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be received by Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours (excluding non-working days) before the time for holding the Extraordinary General Meeting (being 10:30 a.m. on 24 October 2023) or adjourned meeting as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the white Form of Proxy will not preclude Shareholders from attending and voting in person at the Extraordinary General Meeting.
3. A shareholder may appoint more than one proxy in relation to the Extraordinary General Meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by them. If you wish to appoint more than one proxy, each proxy must be appointed on a separate Form of Proxy. Additional Forms of Proxy may be obtained from the Company's Registrar, Computershare Investor Services (Guernsey) Limited on 0370 707 4040 or, for Shareholders calling from overseas, +44 (0) 370 707 4040. Alternatively, you may photocopy the enclosed white Form of Proxy the required number of times before completing it. When appointing more than one proxy, you must indicate the number of shares in respect of which the proxy is appointed.
4. In the case of joint holders, where more than one joint holder purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's Register of Members (the first named being the most senior).
5. To change your Proxy Instructions you may simply submit a new white Form of Proxy. To obtain a new Form of Proxy, please contact Computershare (see note 2 above). The deadline for receipt of proxy appointments also applies in relation to amended instructions. Where two or more valid separate appointments of proxy are received in respect of the same Ordinary Shares, the one which is last validly received shall be treated as replacing and revoking the others. You must inform Computershare in writing of any termination of the authority of a proxy.
6. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the Issuer's agent 3RA50 by 10:30 am on 24 October 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 33 of the Uncertificated Securities (Guernsey) Regulations 2009. In any case your white Form of Proxy must be received by the Company's Registrar no later than 10:30 am on 24 October 2023 (or, in the event of an adjournment of the Extraordinary General Meeting, not less than 48 hours (excluding non-working days) before the time for holding the adjourned meeting).
7. The quorum for the Extraordinary General Meeting is at least two members present in person or by proxy holding at least 5% of the issued Ordinary Shares. An ordinary resolution means a resolution passed by a simple majority of those members present at the meeting in person or by proxy and voting on the resolution.

8. In accordance with Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009 and Article 14.3 of the Company's Articles of Incorporation, only those Shareholders entered in the Register of Members of the Company at 6:30 p.m. on 24 October 2023 (or, if the Extraordinary General Meeting is adjourned, at 6:30 p.m. on the date which is two calendar days prior to the adjourned meeting) shall be entitled to attend or vote at the Extraordinary General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries in the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the Extraordinary General Meeting (or adjourned meeting, if applicable).
9. Voting on the resolution will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting, as member votes are to be counted according to the number of Ordinary Shares held. Members and proxies will be asked to complete a poll card to indicate how they wish to cast their votes. These cards will be collected at the end of the Extraordinary General Meeting. As soon as practicable following the Extraordinary General Meeting, the results of the voting at the Extraordinary General Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of the resolution will be announced via a Regulatory Information Service and also placed on the Company's website: <https://www.hipgnosissongs.com/song-investors/regulatory-news/>.
10. As at 27 September 2023 (being the Latest Practicable Date prior to publication of this Document), the Company's issued share capital (excluding treasury shares) consisted of 1,209,214,286 Ordinary Shares carrying one vote each. Therefore, the total number of voting rights at this date was 1,209,214,286.

PART 7

NOTICE OF 2023 ANNUAL GENERAL MEETING

HIPGNOSIS SONGS FUND LIMITED

*(an investment company limited by shares incorporated under the laws of Guernsey
with registered number 65158)*

NOTICE is hereby given that the fifth Annual General Meeting of the Company is to be held at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY on 26 October 2023 at 10:00 a.m. for the transaction of the following business:

Ordinary Resolutions

To be proposed as ordinary resolutions:

1. TO receive and adopt the Annual Report and Audited Financial Statements of the Company for the year ended 31 March 2023.
2. THAT the Directors' remuneration for the period ended 31 March 2023 as provided on page 106 of the Annual Report be approved.
3. TO re-appoint PricewaterhouseCoopers CI LLP, who have indicated their willingness to continue in office, as Auditor of the Company to hold office until the conclusion of the next annual general meeting of the Company in 2024.
4. TO authorise the Directors to determine the remuneration of PricewaterhouseCoopers CI LLP.
5. TO re-elect Andrew Sutch, retiring in accordance with the Articles, as a Director of the Company.
6. TO re-elect Andrew Wilkinson, retiring in accordance with the Articles, as a Director of the Company.
7. TO re-elect Simon Holden, retiring in accordance with the Articles, as a Director of the Company.
8. TO re-elect Paul Burger, retiring in accordance with the Articles, as a Director of the Company.
9. TO re-elect Sylvia Coleman, retiring in accordance with the Articles, as a Director of the Company.
10. TO elect Cindy Rampersaud as a Director of the Company.
11. THAT the Company's dividend policy be approved.
12. THAT the Company shall continue its business as a closed-ended investment company.

Special Resolutions

To be proposed as special resolutions:

13. THAT the Directors be and are hereby authorised, pursuant to Article 5.8 of the Articles, to allot and issue or make offers or agreements to allot and issue, grant rights to subscribe for, or to convert any securities into ordinary shares (including by way of sale of ordinary shares from treasury) ("**Relevant Securities**") for cash up to the aggregate number of 60,460,714 ordinary shares (representing 5 per cent. of the ordinary shares in issue as at the date of this notice (excluding any ordinary shares held in treasury and after giving effect to the exercise of any warrants, options or other convertible securities outstanding as at such date)) as if Article 5.1 of the Articles did not apply to any such allotment and issue, such authority to expire on the date which is 15 months from the date of the passing of this resolution or, if earlier, at the end of the annual general meeting of the Company to be held in 2024 (unless previously renewed, revoked or varied by the Company by a special resolution) save that the Company may, before such expiry, make an offer or agreement which would or might require Relevant Securities to be allotted and issued after such expiry and the directors may allot and issue Relevant Securities in pursuance of such an offer or agreement as if the authority conferred by this resolution had not expired.

14. THAT the Company, in accordance with Section 315 of The Companies (Guernsey) Law 2008 as amended (the “**Law**”), be approved to make market acquisitions (as defined in Section 316 of the Law), of its ordinary shares either for retention as treasury shares, insofar as permitted by the Law, or cancellation, provided that:
- i. the maximum number of shares authorised to be purchased in the market is up to 14.99 per cent. of the ordinary shares in issue (excluding treasury shares in issue) as at the time immediately following the passing of this resolution;
 - ii. the minimum price (exclusive of expenses) which may be paid for an ordinary share is £0.01;
 - iii. the maximum price (exclusive of expenses) which may be paid for an ordinary share is an amount equal to the higher of: (i) 5 per cent. above the average of the midmarket values for an ordinary share (as derived from the regulated market on which the repurchase is carried out) for the five business days immediately preceding the day on which that purchase is made; and (ii) the higher of: (a) the price of the last independent trade; or (b) the highest current independent bid at the time of purchase, in each case on the regulated market where the purchase is carried out;
 - iv. subject to paragraph (v), such authority shall expire at the annual general meeting of the Company to be held in 2024 (unless previously varied, revoked or renewed by the Company in general meeting) or, if earlier, the date falling 18 months from the passing of this resolution; and
 - v. notwithstanding paragraph (iv), the Company may make a contract to purchase its ordinary shares pursuant to the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of its own ordinary shares in pursuance of any such contract notwithstanding the authority given by this resolution.

BY ORDER OF THE BOARD

Ocorian Administration (Guernsey) Limited
Company Secretary

28 September 2023

PO Box 286
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

EXPLANATORY NOTES TO THE RESOLUTIONS BEING PROPOSED AT THE 2023 ANNUAL GENERAL MEETING

1. Background

The 2023 Annual General Meeting is to be held at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY on 26 October 2023 at 10:00 a.m.

Holders of Ordinary Shares (“**Shareholders**”) as at the record date (being 6:30 p.m. on 24 October 2023) are entitled to vote at the 2023 Annual General Meeting. Details of how to vote at the 2023 Annual General Meeting are set out at the end of this Notice of 2023 Annual General Meeting, in the section entitled “Notes to the Notice of 2023 Annual General Meeting”.

Words used but not defined in this document shall have the meaning given in the Company's Articles of Incorporation (the “**Articles**”) and the circular published by the Company on 28 September 2023 (the “**Circular**”).

2. Description of each of the Resolutions being proposed at the 2023 Annual General Meeting

Set out below is a description of each of the resolutions (the “**Resolutions**”) being proposed at the 2023 Annual General Meeting, including (where relevant) an explanation as to why the Resolution is considered to be in the best interests of the Company and Shareholders as a whole.

(a) Ordinary resolutions

2.a.1 Annual Report and Audited Financial Statements of the Company for the year ended 31 March 2023 – Resolution 1

For each financial year, the Directors are required to lay the audited accounts and the reports of the Directors and auditors to Shareholders at the Annual General Meeting. Shareholders will be asked to receive and adopt the Annual Report and Audited Financial Statements for the financial year to 31 March 2023 (the “**Annual Report 2023**”), together with the Reports of the Directors and Auditors thereon. The Annual Report 2023 has been sent with this Notice and can also be found on the Company's website (<https://www.hipgnosissongs.com/song-investors/results-centre/>).

2.a.2 Directors' remuneration report – Resolution 2

The Company has included details of its Directors' remuneration within the Annual Report 2023 on page 106 and an ordinary resolution will be put to Shareholders seeking approval of the Directors' remuneration and will be advisory only.

2.a.3 Appointment and remuneration of the Auditors – Resolutions 3 & 4

Shareholders will be asked to confirm the re-appointment of PricewaterhouseCoopers CI LLP as the Company's auditors until the conclusion of the next annual general meeting to be held in 2024 and to grant authority to the Directors to determine their remuneration.

2.a.4 Election of Directors – Resolutions 5, 6, 7, 8, 9 & 10

In accordance with Article 23.5 of the Articles, at each annual general meeting each director shall retire from office and each director may offer themselves for election or re-election by the members.

The Board has undertaken an evaluation of the performance of the individual Directors, to determine effectiveness and performance in various areas. Following this evaluation, the Chair confirms that the performance of each of the Directors continues to be effective and demonstrates commitment to their respective roles. The Board, therefore, believes that each of the Directors standing for re-election should be elected as there is a good mix of skills and this is demonstrated by the biographies contained on pages 85 to 87 (inclusive) of the Annual Report 2023 and in the information contained in the announcement dated 10 July 2023 regarding the appointment of Cindy Rampersaud as an independent non-executive Director.

2.a.5 Approval of Dividend Policy – Resolution 11

Interim dividends do not require shareholder approval under the Companies (Guernsey) Law, 2008, as amended. However, the Board wishes to afford the Shareholders the ability to approve the Company's dividend policy, as set out in the prospectus published by the Company on 21 January 2021 (the "**Prospectus**"). As interim dividends have already been and should continue to be declared and paid, this is an advisory vote, rather than a binding vote.

2.a.6 Continuation Resolution – Resolution 12

The Prospectus stated that the Directors will propose an ordinary resolution that the Company continues its business as a closed-ended investment company at the first Annual General Meeting of the Company following the fifth anniversary of its IPO. Accordingly, Resolution 12 (the "**Continuation Resolution**") is proposed at the 2023 Annual General Meeting, being the first Annual General Meeting of the Company following the fifth anniversary of its IPO.

If the Continuation Resolution is passed, the Directors will put a further Continuation Resolution to Shareholders at an extraordinary general meeting in January 2026, again at the Annual General Meeting to be held in 2028 and at every third Annual General Meeting thereafter.

If a Continuation Resolution is not passed:

- the First Disposal will not proceed, as it is a condition to completion of the First Disposal that the Continuation Resolution is passed; and
- the Directors will be required to put forward proposals for the reconstruction, reorganisation or winding-up of the Company to Shareholders for their approval within six months following the date of the 2023 Annual General Meeting (or any adjournment thereof). These proposals may or may not involve winding-up the Company or liquidating all or part of the Company's then existing portfolio of investments and, accordingly failure to pass a Continuation Resolution will not necessarily result in the winding-up of the Company or liquidation of all or some of its investments.

(b) Special resolutions

2.b.1 Disapplication of pre-emption rights – Resolution 13

Resolution 13 will give the Directors authority to allot and issue or make offers or agreements to allot and issue, grant rights to subscribe for, or to convert any securities into, Ordinary Shares (including by way of sale of Ordinary Shares from treasury) for cash without complying with the pre-emption rights contained in Article 5.1 of the Articles in certain circumstances. This authority empowers the Directors to allot and issue or make offers or agreements to allot and issue, grant rights to subscribe for, or to convert any securities into, Ordinary Shares up to an aggregate number of 60,460,714 Ordinary Shares (representing 5 per cent. of the Ordinary Shares in issue as at the date of this Document). This authority will expire on the date which is 15 months from the date of passing of this resolution or, if earlier, at the end of the Annual General Meeting of the Company to be held in 2024.

Any new Ordinary Shares issued on a non pre-emptive basis under this authority will be at a minimum issue price equal to the prevailing NAV per Ordinary Share at the time of allotment together with a premium intended at least to cover the costs and expenses of the relevant placing or issue of new Ordinary Shares (including, without limitation, any placing commissions). The issue price in respect of each relevant placing or issue of new Ordinary Shares will be determined on the basis described above to cover the costs and expenses of each placing or issue and thereby avoid any dilution of the NAV of the then existing Ordinary Shares held by Shareholders.

The Board considers that it is in the best interests of the Company and its Shareholders generally that the Company have the flexibility conferred by Resolution 13 to conduct a pre-emptive offering of Ordinary Shares for cash without complying with the requirements of the pre-emption provisions contained in the Articles and to finance business opportunities quickly and efficiently when they arise in line with the Company's strategy for growth.

2.b.2 Authorising the Company to purchase its own shares – Resolution 14

This resolution renews the Board's authority to make market purchases of the Company's own shares on the same terms as the existing authority (as disclosed on page 72 of the Prospectus) with respect to up to 14.99 per cent. of the Ordinary Shares in issue (excluding treasury shares in issue) as at the time immediately following the passing of the resolution, such authority expiring at the conclusion of the Company's next Annual General Meeting.

As detailed in the Circular, the Board intends, subject to the passing of Resolution 14 and completion of the First Disposal, to commence a share buy back programme under which up to \$180 million may be used by the Company to repurchase Ordinary Shares in the Company.

3. Details of the 2023 Annual General Meeting

The 2023 Annual General Meeting will be held at United House, 9 Pembridge Road, Notting Hill, London, W11 3JY on 26 October 2023 at 10:00 a.m. The business to be considered at the 2023 Annual General Meeting is contained in the Notice of 2023 Annual General Meeting set out at the beginning of this Notice.

At the 2023 Annual General Meeting, Resolutions 1 to 12 will be proposed as ordinary resolutions to be voted on by poll and, as such, will require the approval of Shareholders representing a majority of the total voting rights held by Shareholders cast at the 2023 Annual General Meeting (in each case, whether voted by Shareholders in person or by proxy). Resolutions 13 and 14 will be proposed as special resolutions by poll and, as such, will require the approval of Shareholders representing not less than 75% of the total voting rights held by Shareholders cast at the 2023 Annual General Meeting (in each case, whether voted by Shareholders in person or by proxy).

The quorum for the 2023 Annual General Meeting will be two or more Shareholders (holding at least 5 per cent. of the Company's issued share capital) present in person or by proxy. If within half an hour after the time appointed for the 2023 Annual General Meeting a quorum is not present, the 2023 Annual General Meeting shall stand adjourned to the same day in the next week at the same time and place (or such other day, time and place as the Chair may determine) and no notice of adjournment is required. If, at such adjourned meeting, a quorum is not present within five minutes from the time appointed for the holding of the meeting, those members present in person or by proxy shall be a quorum.

Attendance at the 2023 Annual General Meeting

The Board has elected to hold the 2023 Annual General Meeting in the United Kingdom due to it being where the majority of the Shareholders are based.

The Board strongly encourages Shareholders to submit their votes at the 2023 Annual General Meeting through completing, signing and returning the blue Form of Proxy in accordance with the instructions printed thereon. Shareholders are also encouraged to participate in the 2023 Annual General Meeting by submitting any questions in advance. Any specific questions on the business of the 2023 Annual General Meeting can be submitted by no later than 48 hours prior to the 2023 Annual General Meeting (or any adjournment thereof) by email to ir@hipgnosisongs.com.

Should circumstances change the Company will announce, via a RNS release, any change in the arrangements which it feels would be reasonable and practical to implement.

4. Action to be taken by Shareholders

If you are a Shareholder, you will find enclosed with this document the blue Form of Proxy for use at the 2023 Annual General Meeting. Whether or not you intend to be present at the 2023 Annual General Meeting, you are asked to complete the blue Form of Proxy for the 2023 Annual General Meeting in accordance with the instructions printed thereon and return the blue Form of Proxy to the Company's Registrar, Computershare Investor Services (Guernsey) Limited, by one of the following means:

- in hard copy form by post, by courier or by hand to The Pavilions, Bridgwater Road, Bristol, BS99 6ZY; or

- in the case of CREST members, by utilising the CREST system service in accordance with the procedures set out in the Notes to the Notice of 2023 Annual General Meeting.

In each case, a Form of Proxy must arrive by the time and date specified within. To be valid, the blue Form of Proxy should be completed in accordance with the instructions accompanying it and lodged with the Company's Registrar by the relevant time.

The completion and return of a blue Form of Proxy will not preclude you from attending the 2023 Annual General Meeting and voting in person if you wish to do so.

5. Recommendation

The Board considers that the Resolutions being proposed at the 2023 Annual General Meeting are in the best interests of the Company and its Shareholders as a whole. Accordingly, the Board unanimously recommends all Shareholders vote in favour of the Resolutions. Each Director who holds Ordinary Shares intends to vote in favour of the Resolutions being proposed at the 2023 Annual General Meeting in respect of their own beneficial holdings of Ordinary Shares which, in aggregate, amount to 391,250 Ordinary Shares, representing approximately 0.032 per cent. of the issued share capital of the Company as at the date of this Notice.

Notes to the Notice of 2023 Annual General Meeting

1. Only holders of Ordinary Shares, or their duly appointed representatives, are entitled to attend and vote at the 2023 Annual General Meeting. A member so entitled may appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.
2. A blue Form of Proxy is enclosed with this notice. To be effective, the instrument appointing a proxy (together with any power of attorney or other authority under which it is executed or a duly certified copy of such power) must be received by Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours (excluding non-working days) before the time for holding the 2023 Annual General Meeting (being 10:00 a.m. on 24 October 2023) or adjourned meeting as the case may be. A corporation may execute a proxy under its common seal or by the hand of a duly authorised officer or other agent. Completion and return of the blue Form of Proxy will not preclude Shareholders from attending and voting in person at the 2023 Annual General Meeting.
3. The quorum for the 2023 Annual General Meeting is at least two members present in person or by proxy holding at least 5% of the issued Ordinary Shares. An ordinary resolution means a resolution passed by a simple majority of those members present at the meeting in person or by proxy and voting on the resolution. A special resolution means a resolution passed by a majority of not less than 75% of those members present at the meeting in person or by proxy and voting on the resolution.
4. To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the Issuer's agent 3RA50 by 10:00 a.m. on 24 October 2023. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 33 of the Uncertificated Securities (Guernsey) Regulations 2009. In any case your blue Form of Proxy must be received by the Company's Registrar no later than 10:00 a.m. on 24 October 2023.
5. In accordance with Regulation 41 of the Uncertificated Securities (Guernsey) Regulations 2009 and Article 14.3 of the Company's Articles of Incorporation, only those Shareholders entered in the Register of Members of the Company at 6:30 p.m. on 24 October 2023 (or, if the 2023 Annual General Meeting is adjourned, at 6:30 p.m. on the date which is two calendar days prior to the adjourned meeting) shall be entitled to attend or vote at the 2023 Annual General Meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend or vote at the 2023 Annual General Meeting.
6. The Register of Directors' Interests kept by the Company shall be available for inspection at the Registered Office of the Company by any member between the hours of 10 a.m. and 12 noon on any business day for a period of 14 calendar days before and ending 3 calendar days after the 2023 Annual General Meeting. The Register of Directors' Interests shall be produced at the commencement of the 2023 Annual General Meeting and shall remain open and accessible during the continuance of the 2023 Annual General Meeting to any person attending such meeting.

