**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**PART 2 OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH PART VIII OF THE COMPANIES (GUERNSEY) LAW, 2008 (AS AMENDED). THIS DOCUMENT CONTAINS PROPOSALS WHICH, IF IMPLEMENTED, WILL RESULT IN THE CANCELLATION OF THE ADMISSION OF THE HIPGNOSIS SHARES TO TRADING ON THE LONDON STOCK EXCHANGE'S MAIN MARKET FOR LISTED SECURITIES.**

If you are in any doubt as to the contents of this document and what action you should take, you are recommended to seek your own personal financial, legal and tax advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended), if you are resident in the United Kingdom, or another appropriately authorised independent financial adviser, if you are in a territory outside the United Kingdom.

If you have sold or otherwise transferred all of your Hipgnosis Shares, please forward this document, together with the accompanying documents (other than documents or forms personalised to you), at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward delivery to the purchaser or transferee. However, neither this document nor any accompanying document should be forwarded, distributed or transmitted in, into or from any jurisdiction where to do so may constitute a violation of local securities laws or regulations. If you sell, have sold, or otherwise transferred, only part of your registered holding of Hipgnosis Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected. If you have recently purchased or otherwise been transferred Hipgnosis Shares in certificated form, notwithstanding receipt of this document from the transferor, you should contact the Registrar through the relevant Hipgnosis Shareholder helpline to obtain a personalised Form of Proxy.

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**Recommended Cash Offer**
**for**

# Hipgnosis Songs Fund Limited

**by**

# Lyra Bidco Limited

***(a newly-formed company indirectly wholly-owned by investment funds advised by affiliates of Blackstone Inc.)***

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to be implemented by means of a Court-sanctioned scheme of arrangement under Part VIII of the Companies (Guernsey) Law, 2008 (as amended)

The release, publication or distribution of this document and/or the accompanying documents (in whole or in part) in or into jurisdictions other than the United Kingdom and Guernsey may be restricted by the laws of those jurisdictions and therefore this document and/or the accompanying documents may not be distributed or published in any jurisdiction except under circumstances which result in compliance with applicable laws and regulations. Therefore, persons into whose possession this document and/or the accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws and regulations of any such jurisdiction.

**Neither this document nor any of the accompanying documents do, or are intended to, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.**

Hipgnosis Shareholders should read the whole of this document (including all information incorporated into this document by reference to another source) and the accompanying Forms of Proxy. Definitions used in this document are as defined in Part 8 (*Definitions*) of this document unless defined elsewhere herein or the context requires otherwise. Hipgnosis Shareholders may request hard copy forms of these documents. Please see section titled ‘Publication on website and right to receive hard copies’ on page 8 of this document for further details.

**Your attention is drawn to the letter from the Chairman of Hipgnosis set out in Part 1 (*Letter from the Chairman of Hipgnosis Songs Fund Limited*) of this document, which contains the unanimous recommendation of the Hipgnosis Directors that you vote in favour of the Scheme at the Court Meeting and in favour of the Resolution to be proposed at the General Meeting. A letter from Singer Capital Markets explaining the Scheme appears in Part 2 (*Explanatory Statement*) of this document.**

**Action to be taken by Hipgnosis Shareholders is set out on pages 11 to 13 and at paragraph 16 of Part 2 (*Explanatory Statement*) of this document. Hipgnosis Shareholders are asked to appoint a proxy using CREST or using the hard copy proxy forms accompanying this document by following the instructions set out in this document. Proxies must be appointed so as to be received by the Registrar by no later than 48 hours (excluding any days which are not Business Days) before the appointed time for the relevant Meeting or in the case of an adjournment, no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the adjourned Meeting.**

**IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO EITHER SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY.**

## ACTION TO BE TAKEN

### Voting at the Court Meeting and the General Meeting

**Notices of the Court Meeting and the General Meeting, each of which have been convened for 8 July 2024 at Shoosmiths LLP, 1 Bow Churchyard, London, EC4M 9DQ, are set out in Parts 9 and 10 of this document. The Court Meeting will start at 10.00 a.m. London time and the General Meeting at 10.15 a.m. London time (or as soon thereafter as the Court Meeting has concluded or been adjourned).**

Hipgnosis Shareholders will find accompanying this document a blue Form of Proxy for use in connection with the Court Meeting and a white Form of Proxy for use in connection with the General Meeting.

Please complete the enclosed Forms of Proxy whether or not you plan to attend either or both of the Meetings and return them in accordance with the instructions printed thereon to Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY, as soon as possible, but in any event so as to be received by 10.00 a.m. London time on 4 July 2024 in the case of the Court Meeting and by 10.15 a.m. London time on 4 July 2024 in the case of the General Meeting (or, in the case of adjournment, no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the adjourned Meeting).

If the blue Form of Proxy for use at the Court Meeting is not lodged by 10.00 a.m. London time on 4 July 2024, it may be handed to the chairman of the Court Meeting or emailed to and received by the Registrar at externalproxyqueries@computershare.co.uk before the start of the Court Meeting and will still be valid. However, in the case of the General Meeting, unless the white Form of Proxy is lodged so as to be received by 10.15 a.m. London time on 4 July 2024, it will be invalid.

The completion and return of a Form of Proxy will not prevent you from attending, speaking and voting in person at the Meetings or any adjournment(s) thereof if you so wish and are so entitled.

### Hipgnosis Shareholders who hold their Hipgnosis Shares through CREST

Hipgnosis Shareholders who hold their Hipgnosis Shares through CREST and who wish to appoint a proxy or proxies for the Meetings or any adjournment(s) thereof may do so by using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to that CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. Proxies submitted via CREST must be received by the Registrar by no later than 48 hours (excluding any days which are not Business Days) before the appointed time for the relevant Meeting or in the case of an adjournment, no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the adjourned Meeting.

The completion and return of a CREST proxy instruction will not prevent you from attending, speaking at and voting in person at the Meetings, or any adjournment(s) thereof, if you so wish and are so entitled.

### Hipgnosis Shareholder Helpline

If you have any queries about this document, the Court Meeting, the General Meeting or on the completion and return of the Forms of Proxy, please contact the Registrar at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or on 0370 707 4040 or from overseas +44 370 707 4040 between 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding public holidays in the UK and Guernsey). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom or Guernsey will be charged at the applicable international rate. Please note that the Registrar cannot provide any financial, legal or tax advice. Calls may be recorded and monitored for security and training purposes.

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and following the instructions therein. Full details of the procedures are given on that website and your Control Number, Shareholder Reference Number ("**SRN**") and PIN can be found on the Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by the Registrar not later than 48 hours (excluding any days which are not Business Days) before the time fixed for the relevant Meeting or any adjournment or postponement thereof. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

## NOTICES

Singer Capital Markets Advisory LLP ("**Singer Capital Markets**"), which is authorised and regulated in the United Kingdom by the FCA, is acting as sole Rule 3 adviser, financial adviser and corporate broker exclusively for Hipgnosis and no one else in connection with the matters described in this Scheme Document and will not be responsible to anyone other than Hipgnosis for providing the protections afforded to clients of Singer Capital Markets nor for providing advice in connection with the matters referred to herein.

Jefferies International Limited ("**Jefferies**"), which is authorised and regulated in the UK by the FCA, is acting exclusively as financial adviser to Blackstone and Bidco and for no one else in connection with the matters described in this Scheme Document and will not regard any other person as its client in relation to the matters described in this Scheme Document and will not be responsible to anyone other than Blackstone and Bidco for providing the protections offered to clients of Jefferies nor for providing advice in relation to the contents of this Scheme Document or in connection with the matters referred to herein. Neither Jefferies nor any of its affiliates, nor any of its or their respective directors, officers, partners, employees or agents owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Jefferies in connection with this Scheme Document, any statement contained herein or otherwise.

## OVERSEAS JURISDICTIONS

This document has been prepared for the purpose of complying with Guernsey law, English law, the Takeover Code, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and the Listing Rules and information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of jurisdictions outside the United Kingdom or Guernsey. Nothing in this document should be relied on for any other purpose.

The release, publication or distribution of this document in or into, jurisdictions other than the United Kingdom or Guernsey may be restricted by the laws and/or regulations of those jurisdictions and therefore persons into whose possession this document comes who are subject to the laws and/or regulations of any jurisdiction other than the United Kingdom or Guernsey should inform themselves about and observe any such applicable laws and/or regulations in their jurisdiction. In particular, the ability of persons who are not resident in the United Kingdom or Guernsey to vote their Scheme Shares or Hipgnosis Shares (as applicable) with respect to the Scheme at the Court Meeting or with respect to the Resolution at the General Meeting, or to appoint another person as proxy to vote at the Court Meeting or the General Meeting on their behalf, may be affected by the laws of the relevant jurisdiction in which they are located. Any failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

Unless otherwise determined by Bidco or required by the Takeover Code, and permitted by applicable law and regulation, the Acquisition will not be made available, directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Scheme by any such use, means, instrumentality or form from within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction. Accordingly, copies of this document and all documents relating to the Acquisition are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction, and persons receiving this document and all documents relating to the Acquisition (including custodians, nominees and trustees) must not mail or otherwise distribute or send them in, into or from such jurisdictions where to do so would violate the laws in that jurisdiction. If the Acquisition is implemented by a Takeover Offer (unless otherwise permitted by applicable law or regulation), the Takeover Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission or telephone) of interstate or foreign commerce of, or any facility of a national state or other securities exchange, of any Restricted Jurisdiction and the Takeover Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from or within any Restricted Jurisdiction.

Each Hipgnosis Shareholder is urged to consult their independent professional adviser immediately regarding the tax consequences of the Acquisition.

The statements contained in this document are not to be construed as legal, business, financial or tax advice.

## ADDITIONAL INFORMATION FOR US INVESTORS

Hipgnosis Shareholders in the United States should note that the Acquisition relates to the securities of a Guernsey company with a listing on the London Stock Exchange and is proposed to be effected by means of a scheme of arrangement provided for under, and governed by, the Companies Law. This document and certain other documents relating to the Acquisition have been or will be prepared in accordance with Guernsey law, English law, the Takeover Code and UK disclosure requirements, format and style, all of which differ from those in the United States. A transaction effected by means of a scheme of arrangement is not subject to the tender offer rules or the proxy solicitation rules under the US Exchange Act. Accordingly, the Acquisition is subject to the procedural and disclosure requirements and practices applicable to a scheme of arrangement involving a target company organised in Guernsey and listed on the London Stock Exchange, which differ from the procedural and disclosure requirements of the United States tender offer rules and proxy solicitation rules under the US Exchange Act. If, in the future, Bidco exercises the right to implement the Acquisition by way of a Takeover Offer and determines to extend the offer into the United States, the Acquisition will be made in compliance with applicable United States laws and regulations. Such Takeover Offer would be made in the United States by Bidco and no one else.

The financial information that is included in this document or any other documents relating to the Acquisition, have been or will be prepared in accordance with IFRS and may not be comparable to financial statements of companies in the United States or other companies whose financial statements are prepared in accordance with US generally accepted accounting principles.

The Hipgnosis Shares have not been approved or disapproved by the Securities Exchange Commission or any US state securities commission, nor have any such authorities passed judgment upon the fairness or the merits of the Acquisition or determined if this document is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

US holders of Hipgnosis Shares should also be aware that the transaction contemplated herein may have tax consequences in the United States and that such consequences, if any, are not described herein. US holders of Hipgnosis Shares are urged to consult with independent professional advisors regarding the legal, tax and financial consequences of the Acquisition applicable to them.

It may be difficult for US holders of Hipgnosis Shares to enforce their rights and claims arising out of US federal securities laws, since Hipgnosis and Bidco are both incorporated outside the United States, and their respective officers and directors may be residents of, and some or all of their assets may be located in, countries other than the United States. US holders of Hipgnosis Shares may have difficulty effecting service of process within the United States upon those persons or recovering against judgments of US courts, including judgments based upon the civil liability provisions of the US federal securities laws. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's judgement.

In accordance with normal practice in the UK and Guernsey and consistent with Rule 14e-5(b) of the US Exchange Act, Bidco, certain affiliated companies and their nominees or brokers (acting as agents) may make certain purchases of, or arrangements to purchase, Hipgnosis Shares outside the United States, other than pursuant to the Acquisition, until the date on which the Acquisition and/or Scheme becomes Effective, lapses or is otherwise withdrawn. If such purchases or arrangements to purchase were to be made they would occur either in the open market at prevailing prices or in private transactions at negotiated prices and comply with applicable law, including the US Exchange Act. Any information about such purchases or arrangements to purchase will be disclosed as required in the United Kingdom, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at *www.londonstockexchange.com*.

## IMPORTANT INFORMATION

This document does not constitute an offer or an invitation to purchase or subscribe for any securities or a solicitation of an offer to buy any securities pursuant to this document or otherwise in any jurisdiction in which such offer or solicitation is unlawful.

This document and the accompanying documents have been prepared in connection with proposals in relation to a scheme of arrangement which will be subject to the applicable requirements of the Companies Law, the Court, and with the applicable requirements of Guernsey law, the Takeover Code, the Panel, the London Stock Exchange, the Listing Rules and the FCA and information disclosed may not be the same as that which would have been prepared in accordance with the laws of jurisdictions outside England and Wales and Guernsey. Nothing in this document or the accompanying documents should be relied on for any other purpose.

The distribution of this document in jurisdictions outside the United Kingdom and Guernsey may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. All Hipgnosis Shareholders or other persons (including nominees, trustees and custodians) who would otherwise intend to, or may have a contractual or legal obligation to, forward this document and the accompanying Forms of Proxy to a jurisdiction outside the United Kingdom and Guernsey should refrain from doing so and seek appropriate professional advice before taking any action.

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 upon as having been authorised by the Hipgnosis Group, the Hipgnosis Directors, Blackstone, Blackstone Funds, Bidco Group, the Bidco Board or by Singer Capital Markets or Jefferies or any other person involved in the Acquisition. Neither the delivery of this document nor holding of the Meetings, the Court Hearing, or filing the Scheme Court Order shall, under any circumstances, create any implication that there has been no change in the affairs of the Hipgnosis Group, Bidco or Blackstone since the date of this document or that the information in, or incorporated into, this document is correct as at any time subsequent to its date.

The summary of the principal provisions of the Scheme contained in this document is qualified in its entirety by reference to the Scheme itself, the full text of which is set out in Part 3 (*The Scheme of Arrangement*) of this document. Each Hipgnosis Shareholder is advised to read and carefully consider the text of the Scheme itself. This document, and in particular, the Chairman's Letter (Part 1 (*Letter from the Chairman of Hipgnosis Songs Fund Limited*) of this document) and Explanatory Statement (Part 2 (*Explanatory Statement*) of this document) have been prepared solely to assist Hipgnosis Shareholders in respect of voting on the Scheme.

Hipgnosis Shareholders should not construe the contents of this document as legal, taxation or financial advice, and should consult with their own advisers as to the matters described in this document.

The statements contained in this document are made as at the date of this document, unless some other time is specified in relation to them, and service of this document shall not give rise to any implication that there has been no change in the facts set forth in this document since such date.

If you are in any doubt as to the contents of this document and what action you should take, you are recommended to seek your own personal financial, legal and tax advice immediately from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser duly authorised under FSMA, if you are resident in the United Kingdom, or another appropriately authorised independent financial adviser, if you are in a territory outside the United Kingdom.

## NO PROFIT FORECAST, ESTIMATE OR QUANTIFIED BENEFITS STATEMENTS

No statement in this document or incorporated by reference into this document is intended to constitute a profit forecast, profit estimate or quantified benefits statements for Hipgnosis or Bidco for any period, nor should any statement in this document or incorporated by reference into this document be interpreted to mean that earnings or earnings per Hipgnosis Share for the current or future financial years would necessarily match or exceed the historical published earnings or earnings per Hipgnosis Share.

## FORWARD-LOOKING STATEMENTS

This document (including information incorporated by reference in this document), oral statements made regarding the Acquisition, and other information published by Bidco or Hipgnosis contain statements about Bidco, the Hipgnosis Group or Bidco Group that are or may be deemed to be forward-looking statements. All statements other than statements of historical facts included in this document, may be forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets", "plans", "believes", "expects", "aims", "intends", "will", "may", "anticipates", "estimates", "hopes", "projects", "continue", "schedule" or words or terms of similar substance or the negative thereof, are forward-looking statements. Forward-looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of Blackstone's or Hipgnosis' or the Hipgnosis Group or Bidco Group operations and potential synergies resulting from the Acquisition; and (iii) the effects of government regulation on Blackstone's or Hipgnosis' or the Hipgnosis Group or Bidco Group's business.

These forward-looking statements are not based on historical fact and are not guarantees of future performance. By their nature, such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors could cause actual results to differ materially from those projected or implied in any forward-looking statements. Many of these risks and uncertainties relate to factors that are beyond the entities' ability to control or estimate precisely. These factors include, but are not limited to, the satisfaction of or failure to satisfy all or any of the Conditions, as well as additional factors, such as changes in political and economic conditions, changes in the level of capital investment, retention of key employees, changes in customer habits, success of business and operating initiatives and restructuring objectives, the impact of any acquisitions or similar transactions, changes in customers' strategies and stability, competitive product and pricing measures, changes in the regulatory environment, fluctuations of interest and exchange rates and the outcome of any litigation.

Neither Bidco or Hipgnosis, nor any of their respective associates or directors, officers, employees 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. Due to such uncertainties and risks, readers are cautioned not to place undue reliance on such forward-looking statements, which speak only as of the date of this document. All subsequent oral or written forward-looking statements attributable to Bidco or Hipgnosis or any of their respective members, directors, officers, employees or advisers or any persons acting on their behalf are expressly qualified in their entirety by the cautionary statement above. Bidco and Hipgnosis disclaim any obligation to update any forward-looking or other statements contained in this document, except as required by applicable law or by the rules of any competent regulatory authority, whether as a result of new information, future events or otherwise.

## DISCLOSURE REQUIREMENTS OF THE CITY CODE ON TAKEOVERS AND MERGERS

Under Rule 8.3(a) of the Takeover Code, any person who is "interested" in 1 per cent. or more of any class of "relevant securities" of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the Offer Period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) of the Takeover Code applies must be made by no later than 3.30 p.m. (London time) on the 10th business day following the commencement of the Offer Period and, if appropriate, by no later than 3.30 p.m. (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Takeover Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror, save to the extent that these details have previously been disclosed under Rule 8 of the Takeover Code. A Dealing Disclosure by a person to whom Rule 8.3(b) of the Takeover Code applies must be made by no later than 3.30 p.m. (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3 of the Takeover Code.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4 of the Takeover Code).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the disclosure table on the Panel's website at *www.TheTakeoverPanel.org.uk*, including details of the number of relevant securities in issue, when the Offer Period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

## ROUNDING

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown for 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.

## ELECTRONIC COMMUNICATIONS

Please be aware that addresses, electronic addresses and certain information provided by Hipgnosis Shareholders and other relevant persons for the receipt of communications from Hipgnosis may be provided to Bidco during the Offer Period as required under Section 4 of Appendix 4 of the Takeover Code to comply with Rule 2.11(c) of the Takeover Code.

## PUBLICATION ON WEBSITE AND RIGHT TO RECEIVE HARD COPIES

A copy of this document and the documents required to be published pursuant to Rules 26.1 and 26.2 of the Takeover Code will be available, free of charge, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Hipgnosis' website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis* and Bidco's website at *https://www.announcement-documents.com/* by no later than 12.00 p.m. on the Business Day following the date of this document. Except as otherwise expressly referred to in this document, neither the contents of these websites nor any website accessible from hyperlinks is incorporated into or forms part of this document.

In accordance with Rule 30.3 of the Takeover Code, Hipgnosis Shareholders may request a hard copy of this document by contacting the Registrar, at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or on 0370 707 4040 or from overseas +44 370 707 4040. Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom or Guernsey will be charged at the applicable international rate. Lines are open between 8.30 a.m. to 5.00 p.m. (London time), Monday to Friday (except public holidays in the UK and Guernsey). Please note that the Registrar cannot provide any financial, legal or tax advice. Calls may be recorded and monitored for security and training purposes.

You may also request that all future documents, announcements and information to be sent to you in relation to the Acquisition should be in hard copy form. If you have received this document in electronic form, copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

## SCHEME PROCESS

In accordance with section 5 of Appendix 7 of the Takeover Code, Hipgnosis will announce through a Regulatory Information Service key events in the Scheme process including the outcomes of the Meetings and the Court Hearing.

Unless otherwise consented by the Panel and (if required) by the Court, any modification or revision to the Scheme will be made no later than the day which is 14 days prior to the Meetings (or any later date to which such Meetings are adjourned).

## DEFINITIONS AND INTERPRETATION

Definitions used in this document are as defined in Part 8 (*Definitions*) unless defined elsewhere herein or the context requires otherwise.

Unless otherwise indicated, all references in this document to "**Sterling**", "**pounds sterling**", "**£**", "**pence**", "**penny**" or "**p**" are to the lawful currency of the UK.

All references to "**US$**", "**$**", "**USD**", "**US Dollars**" or "**c**" are to the lawful currency of the United States of America.

Words importing the singular shall include the plural and vice versa. Words importing the masculine gender shall include the feminine or neutral gender and vice versa.

The terms "**parent undertaking**", "**subsidiary undertaking**" and "**associated undertaking**" shall have the same meanings as defined in section 1162 of the Companies Act and references to "**parent**" and "**subsidiary**" shall be interpreted accordingly.

All references to an "**adjournment**" of a meeting or to a meeting being "**adjourned**" shall be deemed to include a postponement of that meeting or that meeting being postponed,

All references to a statutory provision or law or to any order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

All the times referred to in this document are London (UK) times unless otherwise stated.

This document is dated 14 June 2024.

**CONTENTS**

## ACTION TO BE TAKEN

**The Hipgnosis Board, who have been so advised by Singer Capital Markets as to the financial terms of the Acquisition, unanimously consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Hipgnosis Board, Singer Capital Markets has taken into account the commercial assessments of the Hipgnosis Directors. Singer Capital Markets is providing independent financial advice to the Hipgnosis Directors for the purposes of Rule 3 of the Takeover Code.**

**For the reasons set out in this document, the Hipgnosis Board unanimously recommends that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and that Hipgnosis Shareholders vote in favour of the Resolution relating to the Acquisition to be proposed at the General Meeting, as the Hipgnosis Directors have irrevocably undertaken to do in respect of their own beneficial holdings of Hipgnosis Shares, and that you take the action described below.**

**The Court Meeting and the General Meeting will be held at Shoosmiths LLP, 1 Bow Churchyard, London, EC4M 9DQ on 8 July 2024. The Court Meeting will start at 10.00 a.m. London time and the General Meeting at 10.15 a.m. London time (or as soon thereafter as the Court Meeting has concluded or been adjourned). The Scheme requires approval at the Court Meeting and the implementation of the Scheme requires approval of the Resolution at the General Meeting.**

### 1 DOCUMENTS FOR HIPGNOSIS SHAREHOLDERS

All Hipgnosis Shareholders should have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting;
- a white Form of Proxy for use in respect of the General Meeting;
- a prepaid envelope for use in the United Kingdom and Guernsey; and
- if you hold Hipgnosis Shares in certificated form, the Form of Election.

If you have not received all of these documents, please contact the Registrar on the relevant telephone number set out in the paragraph under the section headed "Helpline" below.

### 2 VOTING AT THE COURT MEETING AND THE GENERAL MEETING

This page should be read in conjunction with the rest of this document, the accompanying Forms of Proxy (if provided) and any document incorporated by reference.

The Court Meeting and the General Meeting will be held at Shoosmiths LLP, 1 Bow Churchyard, London, EC4M 9DQ on 8 July 2024 at 10.00 a.m. London time and 10.15 a.m. London time, respectively (or, in the case of the General Meeting, as soon thereafter as the Court Meeting has been concluded or adjourned). The Scheme requires approval at the Court Meeting, and the implementation of the Scheme requires approval of the Resolution at the General Meeting.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO EITHER SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY.**

You are encouraged to complete and sign both the enclosed white and blue Forms of Proxy, even if you are intending on attending either or both of the Meetings in person, and to return them by hand or by post in accordance with the instructions provided thereon, as soon as possible, but in any event so as to be received by no later than 10.00 a.m. London time on 4 July 2024 in the case of the blue Form of Proxy in respect of the Court Meeting and by no later than 10.15 a.m. London time on 4 July 2024 in the case of the white Form of Proxy in respect of the General Meeting. This will enable your votes to be counted at the Meetings in the event of your absence.

If the blue Form of Proxy for use at the Court Meeting is not lodged by 10.00 a.m. London time on 4 July 2024 (or, in the case of adjournment, no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the adjourned Meeting), it may be handed to the chairman of the Court Meeting before the start of the Court Meeting or emailed to and received by the Registrar at externalproxyqueries@computershare.co.uk before the start of the Court Meeting and will still be valid.

However, in the case of the General Meeting, unless the white Form of Proxy is lodged so as to be received by 10.15 a.m. London time on 4 July 2024 (or, in the case of adjournment, no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the adjourned Meeting), it will be invalid. Hipgnosis Shareholders in the United Kingdom or Guernsey should return their Forms of Proxy using the prepaid envelope provided for their convenience. A Hipgnosis Shareholder may appoint more than one proxy in relation to each of the Meetings, PROVIDED THAT each proxy is appointed to exercise the rights attached to a different Hipgnosis Share or Hipgnosis Shares held by that Hipgnosis Shareholder.

The completion and return of a Form of Proxy will not prevent you from attending, speaking at and voting in person at the Court Meeting or the General Meeting, or any adjournment(s) thereof, if you so wish and are so entitled.

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and following the instructions therein. Full details of the procedures are given on that website and your Control Number, Shareholder Reference Number ("**SRN**") and PIN can be found on the Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by the Registrar not later than 48 hours (excluding any days which are not Business Days) before the time fixed for the relevant Meeting or any adjournment or postponement thereof. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

**Hipgnosis Shareholders with Hipgnosis Shares held in CREST**

If you hold your Hipgnosis Shares in CREST you may vote using the CREST proxy voting service in accordance with the procedures set out in the CREST Manual (please also refer to the notices of the Meetings and the accompanying notes to the notice of the Meetings set out at the end of this document). Proxies submitted via CREST (under CREST participant ID 3RA50) must be received by the Registrar no later than 10.00 a.m. London Time on 4 July 2024 in the case of the Court Meeting and by no later than 10.15 a.m. London Time on 4 July 2024 in the case of the General Meeting (or, in the case of an adjourned meeting, no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the adjourned Meeting).

The submission of a proxy via CREST will not prevent you from attending, speaking and voting in person at the Court Meeting or the General Meeting, or any adjournment(s) thereof, if you so wish and are so entitled.

**Currency elections by Scheme Shareholders holding Scheme Shares in CREST**

**Unless they validly elect otherwise, each Scheme Shareholder who holds Scheme Shares in uncertificated form (that is, in CREST) at the Scheme Record Time will receive the Cash Consideration which is payable to them under the Scheme in US Dollars.**

Such Scheme Shareholders may elect to have the Cash Consideration which is payable to them under the Scheme paid in GBP at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time before the relevant payment date under the Currency Conversion Facility (by making the relevant TTE Instruction through CREST). Each Scheme Shareholder who holds Scheme Shares in uncertificated form at the Scheme Record Time and does not make a valid Currency Election must ensure that an active US Dollar cash memorandum account is in place in CREST by no later than the Scheme Record Time. In the absence of a US Dollar cash memorandum account, the payment of the Cash Consideration will not settle, resulting in a delay and the settlement of the Cash Consideration outside of CREST.

**The latest time for receipt of a TTE Instruction through CREST (applicable only for Scheme Shareholders who hold their Scheme Shares in uncertificated form and who wish to make an**

**election under the Currency Conversion Facility) will be 1.00 p.m. on the day of the Court Hearing (currently expected to be 26 July 2024).**

**Currency elections by Scheme Shareholders holding Scheme Shares in certificated form**

**Unless they validly elect otherwise, each Scheme Shareholder who holds Scheme Shares in certificated form as at the Scheme Record Time will receive the Cash Consideration which is payable to them under the Scheme in US Dollars.**

Such Scheme Shareholders may elect to have the Cash Consideration which is payable to them under the Scheme paid in GBP at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time before the relevant payment date under the Currency Conversion Facility, by completing and returning the Form of Election.

**The latest time for the Registrar to receive your Form of Election will be 1.00 p.m. on the day of the Court Hearing (currently expected to be 26 July 2024). You should allow sufficient time for posting for your Form of Election to be received.**

**Deadline for submission**

The Election Return Time will be determined by the date of the Court Hearing (currently expected to be 26 July 2024). An appropriate event is being set up by Euroclear in CREST and it is possible for TTE Instructions to be sent to Euroclear from the date of this Scheme Document until the Election Return Time.

Any changes to the Election Return Time (the latest time for the Registrar to receive your Form of Election or for a TTE Instruction to be received) will be announced by Hipgnosis through a Regulatory Information Service, with such announcement being made available on Hipgnosis' website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis* and Bidco's website at *https://www.announcement-documents.com/*, and communicated to Scheme Shareholders at around the same date as such announcement.

**Further details about how to submit your Form of Election or make your TTE Instruction are set out in paragraph 14 of Part 7 (*Additional Information*) of this document.**

**Helpline**

If you have any queries about this document, the Court Meeting, the General Meeting, or on the completion and return of the Forms of Proxy, please contact the Registrar at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY on 0370 707 4040 or from overseas +44 370 707 4040 between 8.30 a.m. to 5.00 p.m. (London time) Monday to Friday (excluding public holidays in the UK and Guernsey). Calls are charged at the standard geographical rate and will vary by provider. Calls outside the United Kingdom or Guernsey will be charged at the applicable international rate. Please note that the Registrar cannot provide any financial, legal or tax advice. Calls may be recorded and monitored for security and training purposes.

This section should be read in conjunction with the rest of this document.

## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

All times in this document are London times, unless otherwise stated.

| *Event* | *Time And/Or Date* |
|---|---|
| Record date for the purposes of the despatch of this document | 12 June 2024 |
| Despatch of this document and announcement on a Regulatory Information Service | 14 June 2024 |
| Latest time for lodging Forms of Proxy for the: | |
| Court Meeting (blue Form of Proxy) | 10.00 a.m. on 4 July 2024(1) |
| General Meeting (white Form of Proxy) | 10.15 a.m. on 4 July 2024(2) |
| Last day to trade on the London Stock Exchange in order to be eligible to vote at the Court Meeting | 5 July 2024 |
| Scheme Voting Record Time for the Court Meeting and the General Meeting | 6.00 p.m. on 6 July 2024(3) |
| **Court Meeting** | 10.00 a.m. on 8 July 2024 |
| **General Meeting** | 10.15 a.m. on 8 July 2024(4) |
| Results of the Court Meeting and the General Meeting published on a Regulatory Information Service | 8 July 2024 |

**The dates and times associated with the Scheme are subject to change and will depend on, among other things, the date on which the Conditions to the Scheme are satisfied or, if capable of waiver, waived, and the date on which the Court sanctions the Scheme. Should any of these dates change, Hipgnosis will give adequate notice by issuing an announcement through a Regulatory Information Service, with such announcement being made available on Hipgnosis' website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis* and Bidco's website at *https://www.announcement-documents.com/*. Further updates and changes to these times will be notified in the same way. See also note (5).**

| *Event* | *Time And/Or Date* |
|---|---|
| Court Hearing | 9.30 a.m. on 26 July 2024(5) |
| Announcement in respect of the Scheme to be published on a Regulatory Information Service | 26 July 2024(5) |
| Last time for receipt of Forms of Election or TTE Instructions relating to the Currency Election | 1.00 p.m. on 26 July 2024(5) |
| Last day of dealings in, and for registration of transfers of, Hipgnosis Shares on the London Stock Exchange, and disablement of Hipgnosis Shares in CREST | 26 July 2024(5) |
| Scheme Record Time | 6.00 p.m. on 26 July 2024(5) |
| Suspension of listing of Hipgnosis Shares on the Official List and of dealings in Hipgnosis Shares suspended on the London Stock Exchange | 7.30 a.m. on 29 July 2024(5) |

| *Event* | *Time And/Or Date* |
|---|---|
| Effective Date of the Scheme | 29 July 2024[5] |
| Cancellation of listing of Hipgnosis Shares on the Official List and of trading of Hipgnosis Shares on the London Stock Exchange | By 8.00 a.m. on 30 July 2024[5] |
| Latest date for despatch of cheques, electronic payment and/ or settlement through CREST to Hipgnosis Shareholders in respect of the Cash Consideration | 12 August 2024[5] |
| Long Stop Date[6] | 5 November 2024 |

The dates and times given are indicative only and are based on Hipgnosis' current expectations and may be subject to change. If any of the expected times and/or dates above change, the revised times and/or dates will be notified to Hipgnosis Shareholders by announcement through a Regulatory Information Service, with such announcement being made available on Hipgnosis' website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis* and Bidco's website at *https://www.announcement-documents.com/*. Except as otherwise expressly referred to in this document, neither the contents of these websites nor any website accessible from hyperlinks is incorporated into or forms part of this document.

(1) It is requested that blue Forms of Proxy for the Court Meeting be lodged at least 48 hours (excluding any days which are not Business Days) prior to the time appointed for the Court Meeting. Blue Forms of Proxy not so lodged may be handed to the Chairman of the Court Meeting before the start of the Court Meeting or emailed to and received by the Registrar at externalproxyqueries@computershare.co.uk before the start of the Court Meeting and will still be valid. Please see "Action to be taken" in paragraph 16 of Part 2 (*Explanatory Statement*) of this document.

(2) White Forms of Proxy for the General Meeting must be lodged with the Registrar at least 48 hours (excluding any days which are not Business Days) prior to the time appointed for the General Meeting. White Forms of Proxy may NOT be lodged after this time. Please see "Action to be taken" in paragraph 16 of Part 2 (*Explanatory Statement*) of this document.

(3) If either the Court Meeting or the General Meeting is adjourned, the Scheme Voting Record Time for the relevant adjourned Meeting will be 6.00 p.m. London time on the day which is two calendar days before the date set for such adjourned Meeting.

(4) Or as soon thereafter as the Court Meeting shall have concluded or been adjourned.

(5) These dates and times are indicative only and will depend, among other things, upon the date upon which: (i) the Conditions are satisfied or (if applicable) waived (noting that Conditions 1 and 2(c) are not capable of being satisfied or waived before the Court Hearing); (ii) the Court sanctions the Scheme (which is in part dependent on Court availability at the relevant time); and the Scheme Court Order sanctioning the Scheme is delivered to the Guernsey Registry. Hipgnosis will give notice of the date on which the Court Hearing is to take place by issuing an announcement through a Regulatory Information Service, with such announcement being made available on Hipgnosis' website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis* and Bidco's website at *https://www.announcement-documents.com/*. Except as otherwise expressly referred to in this document, neither the contents of these websites nor any website accessible from hyperlinks is incorporated into or forms part of this document.

(6) This is the latest date by which the Scheme may become Effective. However, the Long Stop Date may be extended to such later date as may be agreed between Bidco and Hipgnosis (and, if required, subject to the Panel's consent and approval by the Court).

(7) A copy of the order of the Court which sanctions the Scheme must be filed with the Guernsey Registry within seven days after the date on which it is made.

# PART 1

# LETTER FROM THE CHAIRMAN OF HIPGNOSIS SONGS FUND LIMITED

*Directors:*

Robert Naylor (*Independent Non-Executive Chairman*)
Simon Holden (*Independent Non-Executive Director*)
Christopher Mills (*Independent Non-Executive Director*)
Francis Keeling (*Independent Non-Executive Director*)
Cindy Rampersaud (*Independent Non-Executive Director*)

*Registered Office:*

PO Box 286, Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY
Incorporated in Guernsey
with registration number 65158

14 June 2024

*To: Hipgnosis Shareholders*

Dear Hipgnosis Shareholder,

**Recommended Cash Offer for Hipgnosis Songs Fund Limited**

**by Lyra Bidco Limited**

## 1 INTRODUCTION

On 29 April 2024, the Bidco Board and Hipgnosis Board jointly announced that they had reached agreement on the terms of a recommended all cash acquisition pursuant to which Bidco, a newly-formed company indirectly wholly-owned by investment funds advised by Blackstone, would acquire the entire issued and to be issued share capital of Hipgnosis at US$1.30 per Hipgnosis Share (the "**Initial Offer"**). The Initial Offer was to be effected by means of a takeover offer for the purposes of section 337 of the Companies Law.

On 3 June 2024, the Bidco Board and the Hipgnosis Board announced that they had reached agreement on the terms of an increased and revised recommended all cash acquisition (the "**Revised Offer**") by Bidco in respect of the Acquisition (the "**Revised Offer Announcement**"). As further set out in the Revised Offer Announcement, the Panel has granted its consent under Section 8 of Appendix 7 of the Takeover Code for the Revised Offer is to be effected by means of a Court-sanctioned scheme of arrangement between Hipgnosis and Scheme Shareholders under Part VIII of the Companies Law on the terms set out in paragraph 2 of this letter below.

**I am writing to you today, on behalf of the Hipgnosis Board to set out the background to the Acquisition, the reasons why the Hipgnosis Board considers the Acquisition to be fair and reasonable, and why the Hipgnosis Board is unanimously recommending that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and that Hipgnosis Shareholders vote in favour of the Resolution to be proposed at the General Meeting (as the Hipgnosis Directors have irrevocably undertaken to do in respect of their own beneficial holdings, as set out in paragraph 7 of this letter below).**

I also draw your attention to the letter from Singer Capital Markets set out in Part 2 (*Explanatory Statement*) of this Scheme Document which gives details about the Scheme and the Acquisition.

This document also contains notices of the Court Meeting at which the Scheme will be put to Scheme Shareholders and the General Meeting at which the Resolution will be put to Hipgnosis Shareholders.

In order to approve the Acquisition, the required majority of Scheme Shareholders will need to vote in favour of the Scheme at the Court Meeting and the required majority of Hipgnosis Shareholders will need to vote in favour of the Resolution to be proposed at the General Meeting (as set out in paragraph 10 of Part 2 (*Explanatory Statement*) of this Scheme Document). Scheme Shareholders and Hipgnosis Shareholders are strongly encouraged to submit proxy appointments and instructions for the Court Meeting and the General Meeting as soon as possible using the methods set out in this document.

## 2 THE ACQUISITION

Under the terms of the Acquisition, which is subject to the satisfaction (or waiver) of the outstanding Conditions (and to the further terms of the Acquisition) as set out in full in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document, Scheme Shareholders at the Scheme Record Time will be entitled to receive:

**For each Scheme Share: US$1.31 in cash**

The Acquisition values the entire issued and to be issued ordinary share capital of Hipgnosis at approximately US$1,584 million, which is equivalent to £1,272 million based on the Announcement Exchange Rate.

The Sterling equivalent value of the Acquisition, being 105 pence based on the Announcement Exchange Rate, represents a premium of:

- 49.2 per cent. to the Closing Price of 71 pence per Hipgnosis Share on 17 April 2024 (being the last Business Day before the commencement of the Offer Period);
- 54.8 per cent. to the volume-weighted average price of 68 pence per Hipgnosis Share for the one-month period ended 17 April 2024 (being the last Business Day before the commencement of the Offer Period);
- 59.3 per cent. to the volume-weighted average price of 66 pence per Hipgnosis Share for the three-month period ended 17 April 2024 (being the last Business Day before the commencement of the Offer Period); and
- 10.3 per cent. to Hipgnosis' unaudited 31 March 2024 Operative NAV per Hipgnosis Share of $1.19.

The terms of the Acquisition are based on the assumption that no dividends or other distributions will be authorised, declared or paid on or before the Effective Date. Bidco reserves the right to reduce the price payable for each Scheme Share pursuant to the Acquisition by up to the amount per Scheme Share of any dividends or distributions authorised, declared or paid on or before the Effective Date.

The Currency Conversion Facility is being made available to Scheme Shareholders pursuant to which they will be able to elect (subject to the terms and conditions of the facility) to receive the Cash Consideration in GBP at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time before the relevant payment date. Further details of the Currency Conversion Facility and the election to be made by Scheme Shareholders wishing to receive their Cash Consideration in GBP are set out in paragraph 2 of Part 2 (*Explanatory Statement*) and paragraph 14 of Part 7 (*Additional Information*) of this document. On the basis of the Announcement Exchange Rate, the Cash Consideration implies an equivalent value of 105 pence per Scheme Share. For any Scheme Shareholder electing to be paid their Cash Consideration in GBP pursuant to the Currency Conversion Facility, the amount per Scheme Share received may depending on the prevailing exchange rate, result in a payment below or above 105 pence per Scheme Share.

### Switch to a Scheme and Follow-on Offer in the event of a Scheme Lapse

Having taken various considerations into account, including the fact that the Initial Offer would have been subject to an Acceptance Condition of 55 per cent. of the voting rights then exercisable at a general meeting of Hipgnosis Shareholders, the Panel has (at the request of Bidco and having considered the views of the Hipgnosis Board and Singer Capital Markets, in its capacity as Rule 3 Adviser to Hipgnosis) granted its consent under Section 8 of Appendix 7 of the Takeover Code to be implemented by way of a Scheme, subject to the following condition.

In summary, the Panel has ruled that, in the event that: (a) the Scheme in respect of the Revised Offer is treated as having "lapsed", that is, if it is withdrawn or fails to become Effective; or (b) the Panel is satisfied that there is a reasonable likelihood that the Scheme will be withdrawn or fail to become Effective, in each case for a reason or reasons which, in the opinion of the Panel, would not have caused the Initial Offer to lapse (each, a "**Scheme Lapse**"), Bidco will announce and make a new Takeover Offer on the basis set out below (the "**Follow-on Offer**").

If a Scheme Lapse occurs, Bidco must:

- immediately announce a firm intention to make the Follow-on Offer in accordance with Rule 2.7 of the Takeover Code (the "**Follow-on Announcement**"); and
- within two Business Days of the Scheme Lapse having occurred, make the Follow-on Offer by publishing an Offer Document under and in accordance with Rule 24 of the Takeover Code.

The Follow-on Offer as described in the Follow-on Announcement and as made by Bidco in the Offer Document in respect of the Follow-on Offer will be:

- at the price of the Revised Offer at the time of the Scheme Lapse; and
- otherwise on the same terms and conditions as the Initial Offer, including an Acceptance Condition, as set out in the Announcement, of such number of Hipgnosis Shares as shall, when aggregated with Hipgnosis Shares acquired or unconditionally agreed to be acquired (whether pursuant to the Takeover Offer or otherwise) by Bidco, represent Hipgnosis Shares carrying not less than 55 per cent. of the voting rights then exercisable at a general meeting of Hipgnosis Shareholders (or such lower percentage as Bidco may decide), provided that Bidco shall hold or have acquired or agreed to acquire (whether pursuant to the Takeover Offer or otherwise) directly or indirectly, Hipgnosis Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Hipgnosis.

## 3 BACKGROUND TO AND REASONS FOR THE ACQUISITION

Blackstone's history of investments covers a wide range of sectors and business structures that all have in common a focus to build and grow the businesses in which it invests. Blackstone has a particularly strong focus on the media and entertainment sectors, covering music rights as well as the broader universe of asset-backed strategies. Among its investments within the media and entertainment sectors, through its portfolio company Hipgnosis Songs Assets, managed by Hipgnosis Song Management Limited ("**HSM**" or the "**Investment Adviser**") which is majority owned by Blackstone, Blackstone owns music rights catalogues from leading artists and songwriters. Blackstone's other investments in the space include SESAC, the US performance rights society and Candle Media.

Blackstone continues to invest thematically in content across the wider entertainment industry. Blackstone has closely tracked the performance of Hipgnosis and has been a long-term admirer of the music rights catalogues owned by Hipgnosis. Blackstone will seek to further enhance the value of the acquired rights in collaboration with the songwriters, artists and producers who entrusted Hipgnosis to safeguard their legacy.

Blackstone has worked collaboratively with the Hipgnosis Directors to ensure that its offer represents a fair and reasonable outcome for all shareholders.

## 4 BACKGROUND TO AND REASONS FOR THE RECOMMENDATION

### Background

Since its IPO in 2018, Hipgnosis has built a portfolio currently comprising 138 catalogues with more than 40,000 songs, which provides exposure for investors to compositions performed by some of the top artists of the last 50 years. Hipgnosis' portfolio is, therefore, well positioned to deliver stable income growth as it benefits from the expected market growth in music revenues, driven by the continued adoption of paid-for subscription streaming.

In October 2023, Hipgnosis Shareholders overwhelmingly voted against the Company continuing its business as a closed-ended investment company. As a result, in accordance with the Company's prospectus, the Hipgnosis Board was required to put forward proposals for the reconstruction, reorganisation or winding-up of the Company to Hipgnosis Shareholders for their approval by 26 April 2024. Following this, as part of the Company's strategic review, the Hipgnosis Board carefully assessed all options for the future of the Company with the aim of maximising value for shareholders. The Hipgnosis Board concluded that, in absence of the Concord Offers and the Acquisition, any and all alternative options for the future of the Company carried significant risks, uncertainties and limitations.

Most notably, the Hipgnosis Shares had traded at a depressed level for a prolonged period and, prior to the start of the Offer Period, were trading at a material discount to the prevailing Adjusted 30 September 2023 Operative NAV. The Hipgnosis Board believed that, in the absence of the Concord Offers and the Acquisition, it would have been unlikely for the share price to increase materially in the short to medium term for the reasons set out below.

There are numerous Company specific issues, as previously announced, which had negatively impacted the Company's share price, including: the governance failures identified during the course of 2023, including in connection with the proposed (but ultimately unsuccessful) catalogues disposal; findings of the Shot Tower due diligence report that informed the Hipgnosis Board's strategic review process; and the cancellation of the Company's dividends for the foreseeable future to maintain compliance with its banking covenants and to use operating cash flows to reduce gearing.

The Hipgnosis Board considered that the Company therefore needed to undergo, and evidence the benefits of, substantial financial and governance change to improve financial performance and achieve a material improvement in the share price, which was unlikely to be achieved in the short to medium term.

Since 2021, there has been a widespread de-rating of share prices amongst listed investment funds invested across all alternative asset classes, driven largely by the effects of monetary policy to manage a global inflationary environment. Therefore, there was no assurance that, should Hipgnosis resolve the issues stated above and improve its financial performance, the share price would have materially improved.

The Hipgnosis Board further recognised that the terms and timing achievable in any process to realise value from the Company's assets, either by way of a managed wind down, or via the sale of the Company or its assets, were uncertain and may not occur on terms equal to or greater than the prevailing fair market value of the catalogues.

Furthermore, should the Hipgnosis Group dispose of its music catalogue, it may crystallise tax charges, which would negatively impact shareholder returns. The Company estimated that, in the event that the Hipgnosis Group sells all of its music catalogue at a price equal to the fair market value of the Hipgnosis catalogue, the Hipgnosis Group's potential tax charge on these disposals, based on certain assumptions, would be approximately US$75.6 million*.

The Hipgnosis Board therefore believed that it was in the best interest of shareholders to recommend the Concord Offer, which represented a substantial premium to the then share price and a premium to the prevailing Adjusted 30 September 2023 Operative NAV.

In arriving at its recommendation, the Hipgnosis Board spoke to a number of potentially interested parties during the course of its strategic review. During that period the Hipgnosis Board received a number of indicative and preliminary proposals, including a number of earlier proposals from Concord, all of which were less certain, and at a lower value than, the Concord Offer.

**Offers from Concord and Blackstone**

On 18 April 2024, the Hipgnosis Board and Concord board of directors announced that they had reached agreement on the terms and conditions of a recommended cash offer pursuant to which Concord would acquire the entire issued and to be issued share capital of Hipgnosis to be effected by means of a Scheme of Arrangement at a price of $1.16 per Hipgnosis Share with a further contingent consideration of up to $25 million, equivalent to up to $0.020 per Hipgnosis Share.

On 20 April 2024, Blackstone announced a possible offer for the entire issued and to be issued share capital of Hipgnosis at a price of $1.24 per Hipgnosis Share and that it was intended that any firm offer made under Rule 2.7 of the Takeover Code in relation to the possible offer would be effected by means of an Offer.

On 24 April 2024, the Hipgnosis Board and Concord board of directors announced that they had reached agreement on the terms and conditions of an increased recommended cash offer pursuant to which Concord would acquire the entire issued and to be issued share capital of Hipgnosis at a price of $1.25 per Hipgnosis Share.

On 29 April 2024, the Hipgnosis Board and Bidco Board announced that they reached agreement on the terms and conditions of the Initial Offer at US$1.30 per Hipgnosis Share in respect of the Acquisition. The Hipgnosis Directors stated that they intended to recommend unanimously that Hipgnosis Shareholders accept or procure acceptances in respect of the Acquisition.

On 16 May 2024, Concord announced that it had been released from its obligations under the Takeover Code to proceed with the Concord Revised Offer and as such would no longer proceed with the Concord Revised Offer.

On 3 June 2024, the Bidco Board and the Hipgnosis Board announced that they have reached agreement on the terms and conditions of the Revised Offer in respect of the Acquisition. The Hipgnosis Directors stated that they intended to recommend unanimously that Scheme Shareholders vote in favour of the Acquisition, as they had irrevocably undertaken to do in respect of their own beneficial holdings of Hipgnosis Shares on 24 May 2024.

As set out in the Revised Offer Announcement, the Panel, having taken into account, among other considerations, the views of the Hipgnosis Board and its independent financial adviser for the purposes of Rule 3 of the Takeover Code, Singer Capital Markets, provided their consent for the Acquisition to be implemented by way of a Scheme of Arrangement on the terms of the Revised Offer.

As also set out in the Revised Offer Announcement, in response to a briefing paper, the CMA has confirmed in writing that it requires no further information on the Acquisition at this stage. Accordingly, Condition 3(a) of Part A of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*), is therefore satisfied, provided that the CMA shall not have raised or otherwise indicated to the Parties that it has outstanding questions relating to the Acquisition at the time all other Conditions to the Acquisition are satisfied. Completion of the Acquisition remains subject to the satisfaction (or, where applicable, waiver) of the outstanding Conditions.

The Acquisition's offer price of $1.31 per Hipgnosis Share is an increase of $0.06 per Hipgnosis Share (4.8 per cent. premium) to the Concord Revised Offer and represents an attractive opportunity for Hipgnosis Shareholders to realise their holding in Hipgnosis in cash at a premium of approximately:

- 49.2 per cent. to the Closing Price of 71 pence per Hipgnosis Share on 17 April 2024 (being the last Business Day before the commencement of the Offer Period);
- 54.8 per cent. to the volume-weighted average price of 68 pence per Hipgnosis Share for the one-month period ended 17 April 2024 (being the last Business Day before the commencement of the Offer Period);
- 59.3 per cent. to the volume-weighted average price of 66 pence per Hipgnosis Share for the three-month period ended 17 April 2024 (being the last Business Day before the commencement of the Offer Period); and
- 10.3 per cent. to Hipgnosis' unaudited 31 March 2024 Operative NAV per Hipgnosis Share of $1.19.

The increase of $0.01 per Hipgnosis Share in respect of the Revised Offer has come about as a result of discussions between the Hipgnosis Board, the Bidco Board and their respective advisers and in part reflects Hipgnosis incurring lower adviser fees in respect of the Acquisition than previously expected.

In addition to the financial terms of the Acquisition, the Hipgnosis Board recognises that Hipgnosis' portfolio is part of a specialised alternative asset class and that it is the only LSE-listed investment company investing in music royalties. The Hipgnosis Board views Blackstone as a suitable custodian of the Company and its assets from the perspective of all stakeholders. In particular, the Acquisition provides continuity to the artists and songwriters whose music rights are owned by the Company with the stated intention that HSM will continue to be involved in managing the assets owned by Hipgnosis.

Accordingly, following careful consideration of the above factors, the Hipgnosis Board are pleased to unanimously recommend the Acquisition to Hipgnosis Shareholders as set out in paragraph 13 below. The Hipgnosis Board had already withdrawn its recommendation for the Concord Revised Offer with effect from release of the Announcement.

**This potential tax charge reflects both the impact of the historic amortisation of such assets, where the Hipgnosis Group has already received a tax benefit to the extent available in each year of ownership and any change in value since purchase. This estimate does not include any assumptions as to the utilisation of any brought forward tax losses potentially available to the Hipgnosis Group, tax deductible transaction expenses or from any potential opportunities to optimise the structure of any sale of assets, which could result in a lower tax charge on any future sale of the Hipgnosis Group's assets.*

## 5 INTENTIONS FOR HIPGNOSIS

Your attention is drawn to the statement of Bidco's intentions for the Hipgnosis Group if the Scheme becomes Effective as set out in paragraph 7 of Part 2 (*Explanatory Statement*) of this document.

## 6 CURRENT TRADING AND PROSPECTS

As at 31 March 2024, the Operative NAV was $1,436 million or $1.118 per Hipgnosis Share and the unaudited IFRS NAV was $1,221 million or $1.010 per Hipgnosis Share. The unaudited Adjusted 30 September 2023 Operative NAV was $1,344 million or $1.112 per Hipgnosis Share, which was calculated using the unaudited IFRS NAV of $1,331 million or $1.101 per Hipgnosis Share as at 30 September 2023, adjusted for the sale of non-core assets, the double counting of accrued revenue and the fair value of Catalogues of Songs as at 31 March 2024 under Shot Tower's updated valuation. The change in Operative NAV to 31 March 2024 is primarily driven by the increase in fair market value of the Catalogue of Songs to $2,015 million from $1,948 million, an increase of 3.4 per cent., reflecting royalty statement income growth and the net cash flows of the Company since 30 September 2023 whilst the Company has suspended paying dividends.

For further detail on the valuation of the Company's Catalogue of Songs as at 31 March 2024, please refer to the valuation report prepared by Shot Tower, which forms part of this document.

The Hipgnosis Group's cash position increased from $34.3 million as at 30 September 2023 to $62.0 million as at 31 March 2024, $23.0 million of which represents the proceeds from the disposal of non-core assets of c.20,000 Songs, as announced by the Company on 11 December 2023. Outstanding loans and borrowings as at 31 March 2024 were $578 million and the Hipgnosis Group's net debt position as of that date was $516 million ($599 million and $640 million as at 30 September 2023, respectively).

## 7 IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

To become Effective, the Scheme requires, amongst other things, the approval of Scheme Shareholders at the Court Meeting convened for 10.00 a.m. London time on 8 July 2024 and the passing of the Resolution to be proposed at the General Meeting convened for 10.15 a.m. London time on 8 July 2024 (or as soon thereafter as the Court Meeting has concluded or been adjourned). The Scheme also requires the sanction of the Court at the Court Hearing.

### Bidco

Bidco has received irrevocable undertakings from each of the Hipgnosis Directors who are interested in Hipgnosis Shares in relation to the Acquisition in respect of, in aggregate, 327,796 Hipgnosis Shares representing approximately 0.027 per cent. of the issued share capital of Hipgnosis (excluding treasury shares).

Bidco has additionally received irrevocable undertakings from certain Hipgnosis Shareholders (who are close relatives of certain of the Hipgnosis Directors) who are interested in Hipgnosis Shares in relation to the Acquisition in respect of, in aggregate, 50,000 Hipgnosis Shares representing approximately 0.004 per cent. of the issued share capital of Hipgnosis (excluding treasury shares).

Bidco has, therefore, received irrevocable undertakings in respect of a total of 377,796 Hipgnosis Shares representing approximately 0.031 per cent. of the existing issued ordinary share capital of Hipgnosis as at the Latest Practicable Date.

These irrevocable undertakings will cease to be binding on the earlier of the following occurrences:

(i) this Scheme Document or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document (as applicable) is not sent to Hipgnosis Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;

(ii) the Scheme or the Resolution is not approved by the requisite majority of the Hipgnosis Shareholders at the General Meeting or the Court Meeting or the Takeover Offer is not accepted by Hipgnosis Shareholders holding Hipgnosis Shares carrying not less than 55 per cent. of the voting rights;

(iii) the Scheme lapses or is withdrawn in accordance with its terms where:

   (A) the Scheme has not been withdrawn or lapsed as a result of Bidco exercising its right to implement the Acquisition by way of a Takeover Offer in accordance with the Code rather than by way of a Scheme; and

   (B) a new, revised or replacement Scheme or Takeover Offer is or has been announced in accordance with Rule 2.7 of the Code at the same time;

(iv) the Scheme has not become Effective by 11.59 p.m. on the Long Stop Date; or

(v) the date on which any competing offer for the entire issued, and to be issued, share capital of Hipgnosis is declared unconditional or, if implemented by way of a Scheme of Arrangement, becomes effective.

Further details of these irrevocable undertakings are set out in paragraph 4 of Part 7 (*Additional Information*) of this document.

**Concord irrevocable undertakings and letters of intent**

Concord received irrevocable undertakings from each of the Hipgnosis Directors who were, at the time of the Concord Offer, interested in Hipgnosis Shares in relation to the Concord Offer in respect of, in aggregate, 327,796 Hipgnosis Shares representing approximately 0.027 per cent. of the issued share capital of Hipgnosis (excluding treasury shares).

In addition to the irrevocable undertakings given by the Hipgnosis Directors as set out above, Concord received irrevocable undertakings in relation to the Concord Offers in respect of, at the time of the Concord Revised Offer, in aggregate, 397,835,094 Hipgnosis Shares representing approximately 25.457 per cent. of Hipgnosis' issued share capital (excluding treasury shares).

Concord also received a letter of intent in relation to the Concord Offer from Investec Wealth & Investment Limited in respect of, at the time of the Concord Offer, in aggregate, 70,000,000 Hipgnosis Shares representing approximately 5.789 per cent. of Hipgnosis' issued share capital (excluding treasury shares).

It is noted that the terms of such irrevocable undertakings given by the Hipgnosis Directors and Hipgnosis Shareholders lapsed on 16 May 2024, being the date on which the Concord Revised Offer was withdrawn in accordance with its terms.

## 8 INFORMATION RELATING TO BIDCO AND BLACKSTONE

Bidco is a private limited company incorporated under the laws of England and Wales on 25 April 2024, whose registered office is at 40 Berkeley Square, London, W1J 5AL, United Kingdom with registered number

15680043. Bidco is a newly-formed company indirectly wholly-owned by investment funds advised by affiliates of Blackstone. Bidco was formed for the purposes of the Acquisition and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

Blackstone is one of the world's leading investment firms. Blackstone seeks to create positive economic impact and long-term value for our investors, the companies we invest in and the communities in which we work. Blackstone does this by using extraordinary people and flexible capital to help companies solve problems. Blackstone's $1 trillion in assets under management as at 31 December 2023 includes investment vehicles focused on private equity, real estate, public debt and equity, life sciences, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at *www.blackstone.com*.

## 9 CANCELLATION OF TRADING OF HIPGNOSIS SHARES

The last day of dealings in Hipgnosis Shares on the Main Market of the London Stock Exchange is expected to be the Business Day immediately prior to the Effective Date.

Further details are set out in paragraph 9 of Part 2 (*Explanatory Statement*) of this document.

## 10 UNITED KINGDOM AND GUERNSEY TAXATION

A summary of relevant UK and Guernsey taxation, which is intended as a general guide only, is set out in paragraph 15 of Part 7 (*Additional Information*) of this document. If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than the UK or Guernsey, you are strongly advised to consult an appropriate independent professional adviser.

## 11 ACTION TO BE TAKEN

Your attention is drawn to the sections of this document on pages 11 to 13 and in paragraph 16 of Part 2 (*Explanatory Statement*), which explain the actions to be taken in relation to the Scheme.

Overseas Shareholders holding Hipgnosis Shares should refer to paragraph 10 of Part 2 (*Explanatory Statement*) of this document. Details relating to settlement are included in paragraph 12 of Part 2 (*Explanatory Statement*) of this document.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY.**

If you have any queries, please contact the Registrar on the telephone number set out in the paragraph under the section heading "Helpline" above. The helpline cannot provide advice on the merits of the Acquisition nor give any financial, legal or tax advice.

## 12 FURTHER INFORMATION

Please note that the information contained in this letter is not a substitute for reading the remainder of this document.

The attention of Hipgnosis Shareholders is drawn to the letter from Singer Capital Markets set out in Part 2 (*Explanatory Statement*) of this document (being the Explanatory Statement pursuant to Part VIII of the Companies (Guernsey) Law). The terms of the Scheme are set out in full in Part 3 (*Scheme of Arrangement*) of this document. Your attention is also drawn to the further information contained in this document and, in particular, to the Conditions in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*), the information on the Hipgnosis Group in Part 5 (*Information on the Hipgnosis Group*), the information on Bidco in Part 6 (*Information on Bidco*) and the additional information in Part 7 (*Additional Information*) (including the information on UK and Guernsey taxation in paragraph 15 of Part 7 (*Additional Information*)) of this document.

## 13 RECOMMENDATION

The Hipgnosis Directors, who have been so advised by Singer Capital Markets as to the financial terms of the Acquisition, unanimously consider the terms of the Acquisition to be fair and reasonable. In providing its advice to the Hipgnosis Directors, Singer Capital Markets has taken into account the commercial assessments of the Hipgnosis Directors. Singer Capital Markets is providing independent financial advice to the Hipgnosis Directors for the purposes of Rule 3 of the Takeover Code.

For the reasons set out above, the Hipgnosis Directors recommend unanimously that Scheme Shareholders vote in favour of the Scheme at the Court Meeting and Hipgnosis Shareholders vote in favour of the Resolution at the General Meeting (or, in the event that the Acquisition is implemented by way of a Takeover Offer, that Hipgnosis Shareholders accept or procure acceptance of the Takeover Offer), and have irrevocably undertaken to do so in respect of their own beneficial holdings totalling in aggregate 327,796 Hipgnosis Shares, representing approximately 0.027 per cent. of the issued share capital of Hipgnosis (excluding treasury shares) as at the Latest Practicable Date.

Yours faithfully

**Robert Naylor**
*Independent Non-Executive Chairman*

## PART 2

## EXPLANATORY STATEMENT

(*in compliance with section 108 of the Companies Law*)

Singer Capital Markets Advisory LLP
1 Bartholomew Lane
London
EC2N 2AX

14 June 2024

*To Hipgnosis Shareholders*

Dear Sir/Madam

### 1 INTRODUCTION

On 29 April 2024, the Bidco Board and Hipgnosis Board jointly announced that they had reached agreement on the terms of a recommended all cash acquisition pursuant to which Bidco, a newly-formed company indirectly wholly-owned by investment funds advised by Blackstone, would acquire the entire issued and to be issued share capital of Hipgnosis. The Initial Offer was to be effected by means of a takeover offer for the purposes of section 337 of the Companies Law.

On 3 June 2024, the Bidco Board and the Hipgnosis Board announced that they had reached agreement on the terms of an increased and revised recommended all cash acquisition by Bidco in respect of the Acquisition. As further set out in the Revised Offer Announcement, the Panel has granted its consent under Section 8 of Appendix 7 of the Takeover Code for the Revised Offer is to be effected by means of a Court-sanctioned scheme of arrangement between Hipgnosis and Scheme Shareholders under Part VIII of the Companies Law on the terms set out in paragraph 2 of Part 1 (*Letter from the Chairman of Hipgnosis Songs Fund Limited*).

Your attention is drawn to the Letter from the Chairman of Hipgnosis set out in Part 1 (*Letter from the Chairman of Hipgnosis Songs Fund Limited*) of this document which forms part of this Explanatory Statement. That letter contains, amongst other things, the background to and reasons for the unanimous recommendation of the Hipgnosis Directors and states that the Hipgnosis Directors, who have been so advised by Singer Capital Markets, consider the terms of the Scheme to be fair and reasonable. In giving advice to the Hipgnosis Directors, Singer Capital Markets has taken into account the commercial assessments of the Hipgnosis Directors. Singer Capital Markets is providing independent financial advice to the Hipgnosis Directors for the purposes of Rule 3 of the Takeover Code. The Hipgnosis Directors unanimously recommend that all Scheme Shareholders vote in favour of the resolution to approve the Scheme to be proposed at the Court Meeting and that all Hipgnosis Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

The Hipgnosis Directors have been advised by Singer Capital Markets in connection with the Acquisition. Singer Capital Markets has been authorised by the Hipgnosis Directors to write to you and set out the terms of the Acquisition and to provide you with other relevant information. In giving its advice, Singer Capital Markets is advising the Hipgnosis Directors in relation to the Acquisition and is not acting for any Hipgnosis Director in their personal capacity or for any Hipgnosis Shareholder in relation to the Acquisition. Singer Capital Markets will not be responsible to any such person for providing the protections afforded to its clients or for advising any such person in relation to the Acquisition. In particular, Singer Capital Markets will not owe any duties or responsibilities to any particular Hipgnosis Shareholder concerning the Acquisition. Please note that dates and timings set out in this document are indicative only and may be subject to change. Statements made in this letter regarding: (i) the background to and reasons for the recommendation of the Hipgnosis Directors; (ii) the business of Hipgnosis; and/or (iii) the intentions or expectations of or concerning the Hipgnosis Group, reflect the views of the Hipgnosis Directors. Statements made in this letter regarding: (i) Bidco's reasons for the Acquisition; (ii) information concerning the business of Bidco and Blackstone;

(iii) the financial effects of the Acquisition on Bidco and/or (iv) the intentions of or expectations of or concerning Blackstone and Bidco, reflect the views of the Bidco Board.

## 2 THE ACQUISITION

Under the terms of the Acquisition, which is subject to the satisfaction (or waiver) of the outstanding Conditions (and to the further terms of the Acquisition) as set out in full in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document, Scheme Shareholders at the Scheme Record Time will be entitled to receive:

**For each Scheme Share: US$1.31 in cash**

The Acquisition values the entire issued and to be issued ordinary share capital of Hipgnosis at approximately US$1,584 million, which is equivalent to £1,272 million based on the Announcement Exchange Rate.

The Sterling equivalent value of the Acquisition, being 105 pence based on the Announcement Exchange Rate, represents a premium of:

- 49.2 per cent. to the Closing Price of 71 pence per Hipgnosis Share on 17 April 2024 (being the last Business Day before the commencement of the Offer Period);
- 54.8 per cent. to the volume-weighted average price of 68 pence per Hipgnosis Share for the one-month period ended 17 April 2024 (being the last Business Day before the commencement of the Offer Period);
- 59.3 per cent. to the volume-weighted average price of 66 pence per Hipgnosis Share for the three-month period ended 17 April 2024 (being the last Business Day before the commencement of the Offer Period); and
- 10.3 per cent. to Hipgnosis' unaudited 31 March 2024 Operative NAV per Hipgnosis Share of $1.19.

Schedule 1 to this document contains a valuation report in respect of Hipgnosis' portfolio of investments from Shot Tower, as at 31 March 2024, pursuant to the requirements of Rule 29 of the Takeover Code.

The terms of the Acquisition are based on the assumption that no dividends or other distributions will be authorised, declared or paid on or before the Effective Date. Bidco reserves the right to reduce the price payable for each Scheme Share pursuant to the Acquisition by up to the amount per Scheme Share of any dividends or distributions authorised, declared or paid on or before the Effective Date.

The Currency Conversion Facility is being made available to Scheme Shareholders pursuant to which they will be able to elect (subject to the terms and conditions of the facility) to receive the Cash Consideration in GBP at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time before the relevant payment date.

Where a Scheme Shareholder has made a valid Currency Election to receive the Cash Consideration in GBP under the Currency Conversion Facility, the Cash Consideration due to such holder in respect of their Scheme Shares in accordance with the terms of the Scheme will be paid in GBP at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time before the relevant payment date.

Bidco intends to obtain the amount of GBP required to satisfy Currency Elections through one or more market transactions carried out over one or more Business Days following the Scheme Record Time. The number of transactions, time period required, exchange rate obtained and level of transaction and dealing costs associated with the conversion will depend on market conditions and the number of Scheme Shares in respect of which a valid Currency Election is made. However, Bidco will use all reasonable endeavours to obtain the best rate reasonably available in the market (including taking account of the size of the transactions and the time frames within which they are to be executed) at the relevant times and to ensure that the applicable transaction and dealing costs are on arm's-length market terms. The Average Market Exchange Rate obtained by Bidco will be applied such that all Scheme Shareholders who have made a Currency Election will receive the same amount of GBP for each of their Scheme Shares. On the basis of the Announcement Exchange Rate, the Cash Consideration implies an equivalent value of 105 pence per Scheme Share. For any Scheme Shareholder electing to be paid their Cash Consideration in GBP pursuant to the Currency Conversion Facility, the amount per Scheme Share received may depending on the prevailing exchange rate, result in a payment below or above 105 pence per Scheme Share.

Further information on how to make a Currency Election is included in paragraph 14 of Part 7 (*Additional Information*) of this document, which sets out in detail how to make such election and the deadline by which it must be made.

## 3 STRUCTURE OF THE SCHEME PROPOSALS

The Scheme is an arrangement made between Hipgnosis and the Scheme Shareholders under Part VIII of the Companies Law, which requires the approval of the Scheme Shareholders and the sanction of the Court. The purpose of the Scheme is to provide for Bidco to become the legal and beneficial holder of the entire issued and to be issued share capital of Hipgnosis.

In order to achieve this, it is proposed that all Scheme Shares will be transferred to Bidco, in consideration for which the Scheme Shareholders whose names appear on the Register of Hipgnosis at the Scheme Record Time will be entitled (subject to certain terms and conditions) to receive the Cash Consideration payable for each Hipgnosis Share pursuant to the Scheme on the basis set out in this document.

To become Effective, the Scheme requires, amongst other things, the approval of Scheme Shareholders at the Court Meeting convened for 10.00 a.m. London time on 8 July 2024. The Scheme also requires the sanction of the Court at the Court Hearing and the passing of the Resolution to be proposed at the General Meeting convened for 10.15 a.m. London time on 8 July 2024 (or as soon thereafter as the Court Meeting has concluded or been adjourned). More details are provided at paragraph 13 of this Explanatory Statement.

The Scheme is subject to the outstanding Conditions and to certain further terms referred to in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document. In particular, it requires the approval of Scheme Shareholders at the Court Meeting, which has been convened for 10.00 a.m. London time on 8 July 2024. The Scheme must be approved by a majority in number of Scheme Shareholders present and voting, either in person or by proxy, at the Court Meeting representing not less than 75 per cent. voting rights of such Scheme Shareholders. In respect of the Court Meeting, each Scheme Shareholder will be entitled to cast one vote for each Scheme Share held.

Implementation of the Scheme will also require the passing at the General Meeting (which will be held shortly after the Court Meeting) of the Resolution as a special resolution, which requires the approval of Hipgnosis Shareholders representing at least 75 per cent. of the votes cast at the General Meeting (either in person or by proxy). In respect of the Resolution, each Hipgnosis Shareholder will be entitled to cast one vote for each Hipgnosis Share held.

Following the Meetings, the Scheme must be sanctioned by the Court and will only become Effective upon delivery to the Guernsey Registry of a copy of the Scheme Court Order for registration (which must occur within 7 days after the making of the Scheme Court Order in accordance with the Companies Law). Upon the Scheme becoming Effective, it will be binding on all Scheme Shareholders, irrespective of whether or not they attended or voted, or whether they voted in favour of or against the Scheme at the Court Meeting or whether they voted in favour of or against the Resolution at the General Meeting.

Hipgnosis will not issue or register the transfer of any Hipgnosis Shares after the Scheme Record Time until the Scheme has become Effective.

## 4 IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

To become Effective, the Scheme requires, amongst other things, the approval of Scheme Shareholders at the Court Meeting convened for 10.00 a.m. London time on 8 July 2024 and the passing of the Resolution to be proposed at the General Meeting convened for 10.15 a.m. London time on 8 July 2024 (or as soon thereafter as the Court Meeting has concluded or been adjourned). The Scheme also requires the sanction of the Court at the Court Hearing.

**Bidco**

Bidco has received irrevocable undertakings from each of the Hipgnosis Directors who are interested in Hipgnosis Shares in relation to the Acquisition in respect of, in aggregate, 327,796 Hipgnosis Shares representing approximately 0.027 per cent. of the issued share capital of Hipgnosis (excluding treasury shares).

Bidco has additionally received irrevocable undertakings from certain Hipgnosis Shareholders (who are close relatives of certain of the Hipgnosis Directors) who are interested in Hipgnosis Shares in relation to the Acquisition in respect of, in aggregate, 50,000 Hipgnosis Shares representing approximately 0.004 per cent. of the issued share capital of Hipgnosis (excluding treasury shares).

Bidco has, therefore, received irrevocable undertakings in respect of a total of 377,796 Hipgnosis Shares (representing approximately 0.031 per cent. of the existing issued ordinary share capital of Hipgnosis as at the Latest Practicable Date.

These irrevocable undertakings will cease to be binding on the earlier of the following occurrences:

(i) this Scheme Document or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document (as applicable) is not sent to Hipgnosis Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;

(ii) the Scheme or the Resolution is not approved by the requisite majority of the Hipgnosis Shareholders at the General Meeting or the Court Meeting or the Takeover Offer is not accepted by Hipgnosis Shareholders holding Hipgnosis Shares carrying not less than 55 per cent. of the voting rights;

(iii) the Scheme lapses or is withdrawn in accordance with its terms where:

    (A) the Scheme has not been withdrawn or lapsed as a result of Bidco exercising its right to implement the Acquisition by way of a Takeover Offer in accordance with the Code rather than by way of a Scheme; and

    (B) a new, revised or replacement Scheme or Takeover Offer is or has been announced in accordance with Rule 2.7 of the Code at the same time;

(iv) the Scheme has not become Effective by 11.59 p.m. on the Long Stop Date; or

(v) the date on which any competing offer for the entire issued, and to be issued, share capital of Hipgnosis is declared unconditional or, if implemented by way of a Scheme of Arrangement, becomes effective.

Further details of these irrevocable undertakings are set out in paragraph 4 of Part 7 (*Additional Information*) of this document.

**Concord irrevocable undertakings and letters of intent**

Concord received irrevocable undertakings from each of the Hipgnosis Directors who were, at the time of the Concord Offer, interested in Hipgnosis Shares in relation to the Concord Offer in respect of, in aggregate, 327,796 Hipgnosis Shares representing approximately 0.027 per cent. of the issued share capital of Hipgnosis (excluding treasury shares).

In addition to the irrevocable undertakings given by the Hipgnosis Directors as set out above, Concord received irrevocable undertakings in relation to the Concord Offers in respect of, at the time of the Concord Revised Offer, in aggregate, 397,835,094 Hipgnosis Shares representing approximately 25.457 per cent. of Hipgnosis' issued share capital (excluding treasury shares).

Concord also received a letter of intent in relation to the Concord Offer from Investec Wealth & Investment Limited in respect of, at the time of the Concord Offer, in aggregate, 70,000,000 Hipgnosis Shares representing approximately 5.789 per cent. of Hipgnosis' issued share capital (excluding treasury shares).

It is noted that the terms of such irrevocable undertakings given by the Hipgnosis Directors and Hipgnosis Shareholders lapsed on 16 May 2024, being the date on which the Concord Revised Offer was withdrawn in accordance with its terms.

## 5 INFORMATION ON HIPGNOSIS

Hipgnosis was launched in 2018 to offer investors a pure-play exposure to music royalties and their associated intellectual property rights with a focus on building a diversified portfolio, acquiring catalogues that are built around proven hit songs of cultural importance by some of the most talented and important songwriters globally.

Since launch, Hipgnosis has built a portfolio currently comprising 138 catalogues with more than 40,000 songs, containing copyright and income streams derived from compositions performed by some of the top artists of the last 50 years. Hipgnosis' portfolio is diversified across genres, artists, vintages and right types.

Hipgnosis is a non-cellular Guernsey company registered with the GFSC as a closed-ended collective investment scheme whose ordinary shares are admitted to the Premium Listing Segment of the FCA's Official List and admitted to trading on the Main Market of the London Stock Exchange. It is a self-managed AIF under the EU AIFM Directive and the UK AIFMD.

## 6 INFORMATION ON BIDCO AND BLACKSTONE

Bidco is a private limited company incorporated under the laws of England and Wales on 25 April 2024, whose registered office is at 40 Berkeley Square, London, W1J 5AL, United Kingdom with registered number 15680043. Bidco is a newly-formed company indirectly wholly-owned by investment funds advised by affiliates of Blackstone. Bidco was formed for the purposes of the Acquisition and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition.

Blackstone is one of the world's leading investment firms. Blackstone seeks to create positive economic impact and long-term value for our investors, the companies we invest in and the communities in which we work. Blackstone does this by using extraordinary people and flexible capital to help companies solve problems. Blackstone's $1 trillion in assets under management as at 31 December 2023 includes investment vehicles focused on private equity, real estate, public debt and equity, life sciences, growth equity, opportunistic, non-investment grade credit, real assets and secondary funds, all on a global basis. Further information is available at *www.blackstone.com*.

## 7 INTENTIONS FOR HIPGNOSIS

Bidco recognises the quality and strength of the music rights catalogues Hipgnosis has acquired and developed, which are complementary to Blackstone's current holdings of comparable assets. The Bidco Board believes that the Acquisition provides an exciting path forward to continue building on Blackstone's existing interests and to utilise Blackstone's expertise in this space to further develop the potential of Hipgnosis' portfolio.

Following completion of the Acquisition, and subject to the strategic evaluation described below, Bidco's primary intention is that the Hipgnosis Group will be integrated with Blackstone's existing music rights investment portfolio company, Hipgnosis Songs Assets, but Blackstone may continue to hold Hipgnosis as a standalone investment depending on the outcome of such strategic evaluation. In addition, it is expected that, following completion of the Acquisition, Bidco will undertake an internal group reorganisation of the Hipgnosis Group to simplify the corporate structure.

Following completion of the Acquisition, Bidco intends to build on its confirmatory due diligence exercise and continue to work with HSM to formulate a detailed strategy for the Hipgnosis Group and its business as well as its locations of business. This will include determining the basis of any internal group reorganisation to rationalise the corporate structure of the Hipgnosis Group in light of the significant number of subsidiary entities within the Hipgnosis Group as the corollary of a series of acquisitions of holding companies in the process of growing the Hipgnosis Group's portfolio of song rights. This strategic evaluation will also include formulation of Bidco's strategy for Hipgnosis' US songs administration business, Hipgnosis Songs Group LLC ("**HSG**"), which is the only entity within the Hipgnosis Group that has employees. The assessment for HSG will contemplate continuing to hold the business, making a disposal (or disposals) in respect of the business, and/or a restructuring of the business. Bidco has no intention to reduce headcount in the Hipgnosis Group, however in the event that Bidco pursues a restructuring of HSG, this could result in a headcount reduction at HSG. Bidco expects that the necessary evaluation to finalise its strategy for Hipgnosis will be completed within approximately six to nine months from the completion of the Acquisition.

7.1 **The Investment Adviser, employees and management**

Bidco attaches great importance to the skill and experience of HSM's management and employees and recognises the contributions they have made to the development of the Hipgnosis portfolio and the business. It is therefore anticipated that HSM will continue to be involved in managing the assets owned by Hipgnosis.

The asset management relationship between Hipgnosis and HSM will be reconfigured to take into account Hipgnosis' post-acquisition status in private ownership and/or to reflect the potential combination with the assets of Hipgnosis Songs Assets described above.

7.2 **Existing employment rights and pensions**

Hipgnosis currently employs 34 employees, all of which are employed by HSG, and offers a 401k plan to employees of the Hipgnosis Group. Hipgnosis does not operate a defined benefit pension plan. Subject to the outcome of the strategic evaluation and the ultimate course of action to be implemented regarding HSG, Bidco has no intentions to reduce headcount of the Hipgnosis Group. Upon and following completion of the Acquisition, Bidco intends to align the conditions of employment of Hipgnosis' management with those in place in respect of other Blackstone portfolio companies and confirms that it intends to safeguard fully the existing contractual and statutory employment rights of all Hipgnosis Group employees.

It is intended that, with effect from completion of the Acquisition, each of the non-executive members of the Hipgnosis Board shall resign from their office as a director of Hipgnosis.

7.3 **Management incentive arrangements**

Bidco has not entered into, and has not had discussions on proposals to enter into, any form of incentivisation arrangements with any Hipgnosis Group employees.

7.4 **Headquarters, locations, fixed assets and research and development**

Subject to the outcome of the strategic review, Bidco does not currently have any intention to terminate the leases on any of the Hipgnosis Group premises in Tennessee, California, New York, or its registered office in London.

Other than its registered office, Hipgnosis has no fixed place of business, fixed assets (other than those held in its music catalogues and other investments), research and development function or headquarters or headquarter functions.

7.5 **Trading Facilities**

The Hipgnosis Shares are currently listed on the Premium Segment of the Official List and admitted to trading on the Main Market of the London Stock Exchange. As set out in paragraph 9 below, applications will be made for the cancellation of the listing of the Hipgnosis Shares on the Official List and the cancellation of trading of Hipgnosis Shares on the London Stock Exchange.

It is intended that dealings in, and registration of transfers of, Hipgnosis Shares (other than the registration of the transfer of the Scheme Shares to Bidco pursuant to the Scheme) will be suspended at 7.30 a.m. on the Effective Date (currently expected to be 29 July 2024). It is further intended that applications will be made to the London Stock Exchange to cancel trading in the Hipgnosis Shares on the Main Market, and to the Financial Conduct Authority to cancel the listing of the Hipgnosis Shares on the Official List, in each case with effect from or shortly following the Effective Date.

7.6 **Financing**

Bidco will procure the repayment of Hipgnosis' existing debt facility arrangements on completion of the Acquisition.

### 7.7 **No post-offer undertakings**

No statements in this paragraph 7 are "post-offer undertakings" for the purposes of Rule 19.5 of the Takeover Code.

In considering the recommendation of the Acquisition to Hipgnosis Shareholders set out in Part 1 (*Letter from the Chairman of Hipgnosis Songs Fund Limited*), the Hipgnosis Directors have given due consideration to Bidco's intentions for Hipgnosis set out above.

## 8 THE HIPGNOSIS DIRECTORS AND THE EFFECT OF THE SCHEME ON THEIR INTERESTS

The names of the Hipgnosis Directors and the details of their interests in Hipgnosis Shares are set out in paragraphs 2 and 3 of Part 7 (*Additional Information*) of this document. Hipgnosis Shares held by the Hipgnosis Directors as at the Scheme Record Time will be subject to the Scheme.

At the close of business on the Disclosure Date (as defined in paragraph 3 of Part 7 (*Additional Information*) of this document), the Hipgnosis Directors (together with their Interested Persons, as defined in paragraph 3 of Part 7 (*Additional Information*) of this document) were interested in, in total, 377,796 Hipgnosis Shares, amounting to 0.031 per cent. of the issued share capital (excluding treasury shares).

Details of irrevocable undertakings given by the Hipgnosis Directors, and certain of their close relatives, including details of the circumstances in which they will cease to be binding, are set out in paragraph 4 of Part 7 (*Additional Information*) of this document.

Particulars of the letters of appointment of the Hipgnosis Directors, and of the additional fees which Hipgnosis has agreed to pay to each of the Hipgnosis Directors thereunder to reflect the increased workload relating to the preparation of a response to Bidco's approach and the Acquisition are set out in paragraph 6 of Part 7 (*Additional Information*) of this document. It is intended that, with effect from the Effective Date, each of the Hipgnosis Directors shall resign from his or her office as a director of Hipgnosis.

For the purposes of section 108(2) of the Companies Law, save as disclosed in this document, the effect of the Scheme on such interests of the Hipgnosis Directors does not differ from its effect on the like interests of any other holder of Scheme Shares.

No debentures have been issued in respect of Hipgnosis and there are therefore no trustees of any deed securing the issuance of any debentures in respect of Hipgnosis and no explanation is required to be given for the purposes of section 108(3) of the Companies Law.

## 9 DELISTING, CANCELLATION OF TRADING AND SURRENDER OF FUND REGISTRATION(S)

Prior to the Scheme becoming Effective, applications will be made for the cancellation of the primary listing of Hipgnosis Shares on the Official List and for the cancellation of trading of the Hipgnosis Shares on the Main Market of the London Stock Exchange in each case to take effect from or shortly after the Effective Date.

The last day of dealings in Hipgnosis Shares on the Main Market of the London Stock Exchange is expected to be the Business Day immediately prior to the Effective Date, following which all Hipgnosis Shares will be suspended from the Official List and from trading on the Main Market of the London Stock Exchange, and Hipgnosis Shares will be disabled in CREST.

On the Effective Date, share certificates in respect of Hipgnosis Shares shall cease to be valid and entitlements to Hipgnosis Shares held within the CREST systems shall be cancelled.

Bidco further intends to surrender Hipgnosis' registration as a collective investment scheme regulated by the GFSC and as a self-managed AIF under the EU AIFM Directive and the UK AIFMD.

## 10 OVERSEAS SHAREHOLDERS

The implications of the Scheme for Overseas Shareholders may be affected by the laws of their relevant jurisdictions. Overseas Shareholders should inform themselves about and observe any applicable legal requirements. It is the responsibility of each Overseas Shareholder to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme, including the obtaining of any governmental, exchange control or other consents which may be required, or the compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes due in such jurisdiction.

This document does not constitute an offer to sell or issue or the solicitation of an offer to buy or subscribe for shares in any jurisdiction in which such offer or solicitation is unlawful.

This document has been prepared for the purposes of complying with English law, Guernsey law, the Takeover Code, requirements of the Panel, the London Stock Exchange, the Listing Rules and the FCA and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws of any other jurisdiction.

## 11 UNITED KINGDOM AND GUERNSEY TAXATION

A summary of relevant UK and Guernsey taxation, which is intended as a general guide only, is set out in paragraph 14 of Part 7 (*Additional Information*) of this document. If you are in any doubt as to your tax position, or you are subject to taxation in any jurisdiction other than the UK and Guernsey, you are strongly advised to consult an appropriate independent professional adviser.

## 12 SETTLEMENT, MANDATES AND COMMUNICATION PREFERENCES

Subject to the Scheme becoming Effective, and in accordance with the terms of the Scheme, settlement of the Cash Consideration to which any Scheme Shareholder is entitled will be effected within 14 days of the Effective Date in the manner and subject to what is set out below.

All documents and remittances sent through the post will be sent at the risk of the person(s) entitled to them.

Except with the consent of the Panel, settlement of the Cash Consideration to which any Scheme Shareholder is entitled will be implemented in full in accordance with the terms of the Scheme free of any lien, right of set-off, counterclaim or other analogous right to which may otherwise be, or claim to be, entitled against such Scheme Shareholder.

(a) **Where Scheme Shares are held in certificated form**

Where, at the Scheme Record Time, and subject to the remainder of this section, a Scheme Shareholder holds Scheme Shares in certificated form, settlement of the Cash Consideration shall be despatched by cheque or by electronic payment to their mandated bank or building society account as recorded by the Registrars or by such other method as may be approved by the Panel. All such cash payments will be made in either US Dollars or Sterling in accordance with the Currency Election made by the Scheme Shareholder(s) concerned.

Cheques will not be mailed to any Scheme Shareholder who holds their Scheme Shares in certificated form where the Company and/or either of the Registrars has identified a verification issue with the information provided for that Scheme Shareholder or any underlying beneficial holders, where the information is required for the purpose of payment of the Cash Consideration to the Scheme Shareholder, which needs to be addressed before payment of the Cash Consideration to such Scheme Shareholder can be made. In these circumstances, the Registrars will, where they hold validated, and verified mandated bank or building society electronic payment details for such Scheme Shareholder, despatch payment to them by way of electronic payment to their mandated bank or building society or, where they do not have such details, hold the Cash Consideration on trust for such Scheme Shareholders and engage with each of them to verify their identity and payment details before payment of the Cash Consideration is made to them (whether by way of electronic payment or, if requested, cheque). In addition, and without prejudice to the foregoing, no electronic payment shall be made to any Scheme Shareholder where the Company and/or the Registrars have been unable to validate the electronic payment details to the satisfaction of the Company and/or the Registrars. The Registrars shall also have the power to withhold any Cash Consideration payable to any Scheme Shareholder where either the Company and/or the Registrar believe that there is a verification issue with the information provided for that Scheme Shareholder or any underlying beneficial holders, where the information is required for the purpose of payment of the Cash Consideration to the Scheme Shareholder. Further details of such trust arrangement are set out in paragraph 3 of Part 3 (*The Scheme of Arrangement*) of this document.

Subject to the above, all deliveries of cheques required to be made pursuant to the Scheme shall be effected by posting them no later than 14 days after the Effective Date by first class post or by such other method as may be approved by the Panel, addressed to the persons entitled to them at their respective addresses as appearing in the Register at the Scheme Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the Register in respect of such joint holding at such time) and neither Hipgnosis nor Bidco (nor any of their respective nominees or agents) shall be responsible for any loss or delay in the transmission of cheques sent in this way.

All Cash Consideration due to Scheme Shareholders shall be paid in US Dollars and, in the case of a cheque, drawn on a UK clearing bank or by electronic payment to their mandated bank or building society account as recorded by the Registrar.

All cheques shall be made payable to the holder (except that, in the case of joint holders, Bidco reserves the right to make cheques payable to the joint holder whose name stands first in the Register in respect of such joint holding at the Scheme Record Time) and the encashment of any such cheque shall be a complete discharge to Bidco for the obligation to pay the monies represented thereby. As noted above, no cheques will be issued or paid to any Scheme Shareholder who holds their shares in certificated form where the Company and/or either of the Registrars has identified a verification issue. The Cash Consideration due to such Scheme Shareholders will be held in trust by the Registrars, or such other person as Bidco may nominate (including Bidco), in a separate, interest-bearing bank account established solely for this purpose, on behalf of such Scheme Shareholder for a period of twelve years from the Effective Date, after which time if it remains unclaimed for any reason the Cash Consideration will be forfeited and cease to remain owing by Bidco or Hipgnosis (or the Registrar) and shall thenceforth belong to Bidco (with any interest accruing being for the benefit of Bidco). For the avoidance of doubt, no interest will accrue for the benefit of Scheme Shareholders on the Cash Consideration and any payment of Cash Consideration subsequently claimed by the relevant Scheme Shareholders will be made net of any fees or expenses payable to the account bank in respect of the relevant bank account, and any taxes on the amounts of Cash Consideration payable to the relevant Scheme Shareholders which the account holder is required to withhold or deduct.

***Where Scheme Shares are held in uncertificated form (that is, in CREST)***

Where, at the Scheme Record Time, a Scheme Shareholder holds Scheme Shares in uncertificated form, the payment of Cash Consideration to which CREST shareholders are entitled shall be effected through CREST by Bidco instructing (or procuring the instruction of) Euroclear to create a CREST assured payment obligation in accordance with the CREST assured payment arrangements in favour of the appropriate CREST account through which the relevant Scheme Shareholder holds those uncertificated Scheme Shares in respect of the Cash Consideration due to that Scheme Shareholder. The currency of such cash payments will be in accordance with the Currency Elections made by such Scheme Shareholders (the ability to make Currency Elections being described at paragraph 14 of Part 7 (*Additional Information*) of this document). Each Scheme Shareholder who holds Scheme Shares in uncertificated form at the Scheme Record Time must ensure that an active USD cash memorandum account is in place in CREST by no later than the Scheme Record Time. In the absence of a USD cash memorandum account, the payment of the Cash Consideration in USD will not settle, resulting in a delay and the settlement of the Cash Consideration outside of CREST.

The instruction by (or on behalf of) Bidco to create an assured payment arrangement shall be a complete discharge of Bidco's obligations under the Scheme with reference to payments through CREST.

The CREST payment obligations set out above will be created within 14 days after the Effective Date. As from the Effective Date, each holding of Scheme Shares credited to any stock account in CREST will be disabled and all Scheme Shares will be removed from CREST in due course thereafter.

(b) Bidco reserves the right to pay Cash Consideration to all or any relevant CREST shareholders at the Scheme Record Time by cheque or electronic payment to their mandated bank or building society account as recorded by the Registrar as set out above if for any reason it wishes to do so.

***For all Scheme Shareholders***

No electronic payment shall be made to any Scheme Shareholder where the Company and/or the Registrars have been unable to validate the electronic payment details to the satisfaction of the Company and/or the Registrars. The Registrars shall also have the power to withhold any Cash Consideration payable to any Scheme Shareholder where either the Company and/or either of the Registrars believe that there is a verification issue with the information provided for that Scheme Shareholder or any underlying beneficial holders, where the information is required for the purpose of payment of the Cash Consideration to the Scheme Shareholder. Further details of such trust arrangement are set out in paragraph 3 of Part 3 (*The Scheme of Arrangement*) of this document.

## 13 THE MEETINGS AND THE COURT HEARING

Before the Court's sanction of the Scheme can be sought, the Scheme will require approval by the Scheme Shareholders at the Court Meeting and the passing of the Resolution by Hipgnosis Shareholders at the General Meeting. Notices of the Meetings are set out in Parts 9 and 10 of this document. Shareholders' entitlement to attend and vote at the Meetings and the number of votes which may be cast at them will be determined by reference to the Register at the Scheme Voting Record Time or, if such Meetings are adjourned, on the Register at 6.00 p.m. London time on the day that is two calendar days before the relevant adjourned Meeting. Hipgnosis will announce the details of the votes at the Meetings as required under the Takeover Code through a Regulatory Information Service as soon as practicable after the conclusion of the Meetings. If the Scheme becomes Effective, it will be binding on all Scheme Shareholders including those who did not vote or who voted against the Scheme or the Resolution.

Any Hipgnosis Shares which Bidco or any other member of the Wider Bidco Group (or their respective nominees) may acquire before the Court Meeting are not Scheme Shares and therefore none of Bidco or any other member of the Bidco Group (or their respective nominees) is or will be entitled to vote at the Court Meeting in respect of the Hipgnosis Shares held or acquired by it.

(a) **The Court Meeting**

You will find in Part 9 (*Notice of the Court Meeting*) of this document the notice of the Court Meeting of the Scheme Shareholders which has been convened at the direction of the Court for the purpose of the Scheme Shareholders considering and, if thought fit, approving the Scheme.

The Court Meeting has been convened for 10.00 a.m. London time on 8 July 2024 at Shoosmiths LLP, 1 Bow Churchyard, London EC4M 9DQ. At the Court Meeting, voting will be by way of poll and not a show of hands and each Scheme Shareholder present in person or by proxy will be entitled to one vote for each Scheme Share held. The approval required at the Court Meeting is a majority in number of those Scheme Shareholders present and voting, whether in person or by proxy, at the Court Meeting representing not less than 75 per cent. of the voting rights of such Scheme Shareholders.

Scheme Shareholders have the right to raise any objections they may have to the Scheme at the Court Meeting.

**IT IS IMPORTANT THAT, FOR THE COURT MEETING IN PARTICULAR, AS MANY VOTES AS POSSIBLE ARE CAST (WHETHER IN PERSON OR BY PROXY) SO THAT THE COURT MAY BE SATISFIED THAT THERE IS A FAIR REPRESENTATION OF THE OPINION OF SCHEME SHAREHOLDERS. YOU ARE THEREFORE STRONGLY URGED TO SIGN AND RETURN YOUR FORMS OF PROXY OR APPOINT A CREST PROXY, AND, IN ANY EVENT SO THE FORM OF PROXY OR CREST PROXY FOR THE COURT MEETING IS RECEIVED BY 10.00 A.M. LONDON TIME ON 8 JULY 2024. A FORM OF PROXY FOR THE COURT MEETING NOT LODGED AT**

**THE RELEVANT TIME MAY BE HANDED IN TO THE CHAIRMAN OF THE COURT MEETING OR EMAILED TO AND RECEIVED BY THE REGISTRAR AT EXTERNALPROXYQUERIES@COMPUTERSHARE.CO.UK BEFORE THE START OF THE COURT MEETING.**

(b) **The General Meeting**

In addition to the Court Meeting, the General Meeting has been convened at Shoosmiths LLP, 1 Bow Churchyard, London EC4M 9DQ at 10.15 a.m. London time on 8 July 2024 (or as soon thereafter as the Court Meeting is concluded or adjourned) to consider and, if thought fit, pass the Resolution to:

(i) authorise the Hipgnosis Directors to take all actions as they may consider necessary or appropriate to give effect to the Scheme; and

(ii) approve certain amendments to the Articles to ensure that, subject to the Scheme becoming Effective, any Hipgnosis Shares issued to any person (other than to Bidco and/or its nominees) at or after the Scheme Record Time will be compulsorily acquired by, or to the order of, Bidco, in consideration of (subject to certain terms and conditions) the payment of Cash Consideration on the same basis as under the Scheme. The proposed amendments to the Articles are set out in full in the notice of the General Meeting in Part 10 (*Notice of the General Meeting*) of this document.

Voting on the Resolution will be held by way of poll and not a show of hands and each Hipgnosis Shareholder present in person or by proxy will be entitled to one vote for every Hipgnosis Share held as at the Scheme Voting Record Time. The resolution to approve the Scheme and certain amendments to the Articles (detailed in (i) and (ii) above) will be a special resolution which requires a vote in favour of not less than 75 per cent. of the votes cast either in person or by proxy.

You will find the notice of the General Meeting set out in Part 10 (*Notice of the General Meeting*) of this document. The quorum for the General Meeting will be two or more Hipgnosis Shareholders present in person or by proxy.

(c) **The Court Hearing**

Under the Companies Law, the Scheme also requires the sanction of the Court. The Court Hearing to sanction the Scheme is currently expected to be held 26 July 2024, subject to the prior satisfaction or waiver of the other outstanding Conditions set out in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document.

All Scheme Shareholders are entitled to attend the Court Hearing in person or to be represented by counsel to support or oppose the sanctioning of the Scheme.

Bidco has confirmed that, subject to the prior satisfaction or, where applicable, waiver of the other outstanding Conditions set out in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document it will be represented by counsel at the Court Hearing so as to consent to the Scheme and to undertake to the Court to be bound by the Scheme.

The Scheme will become Effective upon delivery to the Guernsey Registry of a copy of the Scheme Court Order for registration (which must occur within 7 days after the making of the Scheme Court Order in accordance with the Companies Law). This is presently expected to occur on the Business Day immediately following the Court Hearing to sanction the Scheme.

(d) **Modifications to the Scheme**

The Scheme contains a provision for Hipgnosis and Bidco to consent on behalf of all persons affected to any modification of, or addition to, the Scheme or to any condition approved or imposed by the Court. The Court would be unlikely to approve any modification of, or additions to, or impose a condition to the Scheme which might be material to the interests of the Scheme Shareholders, unless Scheme Shareholders were informed of any modification, addition or condition.

It would be a matter for the Court to decide, in its discretion, whether or not a further meeting of Scheme Shareholders should be held in these circumstances. Similarly, if a modification, addition or condition is put forward which in the opinion of the Hipgnosis Directors is of such a nature or importance that it requires the consent of Scheme Shareholders at a further meeting, the Hipgnosis Directors will not take the necessary steps to enable the Scheme to become Effective unless and until such consent is obtained. For the avoidance of doubt, no modification may be made to the Scheme once it has taken effect.

(e) **Conditions of the Scheme**

The implementation of the Scheme is conditional upon satisfaction or, where applicable, waiver of the outstanding Conditions, which are set out in full in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document and **it is important that Hipgnosis Shareholders read Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document in its entirety**.

As set out in the Revised Offer Announcement, in response to a briefing paper, the CMA has confirmed in writing that it requires no further information on the Acquisition at this stage. Accordingly, Condition 3(a) of Part A of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*), is therefore satisfied, provided that the CMA shall not have raised or otherwise indicated to the Parties that it has outstanding questions relating to the Acquisition at the time all other Conditions to the Acquisition are satisfied. Completion of the Acquisition remains subject to the satisfaction (or, where applicable, waiver) of the outstanding Conditions.

The Conditions include, amongst others:

- the Court Meeting being held on or before the 21st day after the expected date of such meeting, which is expected to be held on 8 July 2024 (or such later date, if any, as may be agreed by Bidco and Hipgnosis or, in a competitive situation, as the Panel may consent to;
- the General Meeting being held on or before the 21st day after the expected date of such meeting, which is expected to be held on 8 July 2024 (or such later date, if any, as may be agreed by Bidco and Hipgnosis or, in a competitive situation, as the Panel may consent to);
- the Scheme being approved by a majority in number of the Scheme Shareholders who are present, entitled to vote and vote at the Court Meeting or at any adjournment thereof, either in person or by proxy, representing not less than 75 per cent. of the voting rights of such Scheme Shareholders;
- the Resolution being duly passed by the requisite majority of the Hipgnosis Shareholders at the General Meeting, or at any adjournment thereof;
- the satisfaction of the Regulatory Conditions;
- the Court Hearing being held by the 21st day after the expected date of such hearing, which is expected to be held 26 July 2024 (or such later date, if any, as may be agreed by Hipgnosis and Bidco or, in a competitive situation, as the Panel may consent to (and the Court may approve if required));
- the sanction of the Scheme by the Court (with or without modifications, on terms agreed by Hipgnosis and Bidco); and
- the Scheme becoming Effective by 11.59 p.m. on the Long Stop Date.

**If the Scheme becomes Effective, it will be binding on all Scheme Shareholders irrespective of whether or not they attended or voted in favour of the Scheme at the Court Meeting or in favour of the Resolution at the General Meeting.**

**If the Scheme does not become Effective by the Long Stop Date (or such later date (if any) as Hipgnosis and Bidco with the consent of the Panel may agree and that the Court may allow if required), the Scheme will not be implemented and the Acquisition will not proceed.**

## 14 ALTERNATIVE MEANS OF IMPLEMENTING THE ACQUISITION

Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme, subject to the Panel's consent and (while the A&R Cooperation Agreement is continuing) to the terms of the A&R Cooperation Agreement. In such an event, such Takeover Offer will be implemented on the same terms and conditions, other than the price being increased to the price of the Revised Offer, so far as is applicable and subject to appropriate amendments, as those which would apply to the Initial Offer, including the Acceptance Condition as set out in the Announcement, of such number of Hipgnosis Shares as shall, when aggregated with Hipgnosis Shares acquired or unconditionally agreed to be acquired (whether pursuant to the Takeover Offer or otherwise) by Bidco, represent Hipgnosis Shares carrying not less than 55 per cent. of the voting rights then exercisable at a general meeting of Hipgnosis Shareholders (or such lower percentage as Bidco may decide), provided that Bidco shall hold or have acquired or agreed to acquire (whether pursuant to the Takeover Offer or otherwise) directly or indirectly, Hipgnosis Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Hipgnosis. If the Acquisition is effected by way of a Takeover Offer, and such Offer becomes or is declared unconditional and sufficient acceptances are received in respect of such Takeover Offer, Bidco intends to exercise its rights to apply the provisions of Part XVIII of the Companies Law so as to acquire compulsorily the remaining Hipgnosis Shares in respect of which the Offer has not been accepted.

## 15 RETURN OF DOCUMENTS OF TITLE

If the Scheme is withdrawn or lapses, documents of title submitted and other documents lodged with either Form of Proxy will be returned to the relevant Hipgnosis Shareholder as soon as practicable and in any event within 14 days of such lapse or withdrawal.

## 16 ACTION TO BE TAKEN

All Hipgnosis Shareholders should have received the following with this document:

- a blue Form of Proxy for use in respect of the Court Meeting;
- a white Form of Proxy for use in respect of the General Meeting;
- a prepaid envelope for use in the United Kingdom and Guernsey; and
- if you hold Hipgnosis Shares in certificated form, the Form of Election.

If you have not received all of these documents, please contact the Registrar on the relevant telephone number set out in the paragraph under the section heading "Helpline" above.

Hipgnosis Shareholders will also find both the blue Form of Proxy for use in connection with the Court Meeting and the white Form of Proxy for use in connection with the General Meeting on the following website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis*.

A Hipgnosis Shareholder may appoint more than one proxy in respect of the General Meeting and/or the Court Meeting PROVIDED THAT in respect of each Meeting each proxy is appointed to exercise the rights attached to different Hipgnosis Shares held by that Hipgnosis Shareholder.

Hipgnosis Shareholders' attention is drawn to the fact that where they return blue Forms of Proxy for the Court Meeting without denoting how the proxy should vote, they will be invalid but where they return white Forms of Proxy for the General Meeting without denoting their voting preference, the proxy will vote or abstain from voting in their discretion.

(a) **Sending Forms of Proxy by post, by hand, by email or online**

Whether or not you plan to attend either or both of the Meetings, please complete and sign each of the accompanying Forms of Proxy and return them in accordance with the instructions printed thereon to Registrar, at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY or email them to externalproxyqueries@computershare.co.uk as soon as possible, but in any event, so as to be received by 10.00 a.m. London time on 4 July 2024 in the case of the Court Meeting and by 10.15 a.m. London time on 4 July 2024 in the case of the General Meeting (or, in the case of adjournment, no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the adjourned Meeting).

If the blue Form of Proxy for use at the Court Meeting is not lodged by 10.00 a.m. London time on 4 July 2024, it may be handed to the chairman of the Court Meeting or emailed to and received by the Registrar at externalproxyqueries@computershare.co.uk before the start of at the Court Meeting and will still be valid. However, in the case of the General Meeting, unless the white Form of Proxy is lodged so as to be received by 10.15 a.m. London time on 4 July 2024, it will be invalid.

The completion and return of a Form of Proxy will not prevent you from attending, speaking at and voting in person at the Court Meeting or the General Meeting, or any adjournment(s) thereof, if you so wish and are so entitled.

As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and following the instructions therein. Full details of the procedures are given on that website and your Control Number, Shareholder Reference Number ("**SRN**") and PIN can be found on the Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by the Registrar not later than 48 hours (excluding any days which are not Business Days) before the time fixed for the relevant Meeting or any adjournment or postponement thereof. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

(b) **Electronic appointment of proxies through CREST**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meetings and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "**CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent ID 3RA50 by no later than 48 hours (excluding any days which are not Business Days) before the time fixed for the holding of the meeting or the adjourned meeting. 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 by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that CREST does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. For further information on the logistics of submitting messages in CREST, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Hipgnosis may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34(1) of the CREST Regulations.

The completion and return of a CREST Proxy Instruction will not prevent you from attending, speaking at and voting in person at the Meetings, or any adjournment(s) thereof, if you so wish and are so entitled.

The completion and return of a Form of Proxy will not prevent you from attending, speaking at and voting in person at the Court Meeting or the General Meeting, or any adjournment(s) thereof, if you so wish and are so entitled.

## 17 FURTHER INFORMATION

The terms of the Scheme are set out in full in Part 3 (*The Scheme of Arrangement*) of this document. Your attention is also drawn to the letter from your Chairman set out in Part 1 (*Letter from the Chairman of Hipgnosis Songs Fund Limited*) of this document, and the further information contained in this document, all of which forms part of this Explanatory Statement, and in particular, to the Conditions and further terms set out in Parts A and B of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document, and the Additional Information set out in Part 7 (*Additional Information*) of this document.

Yours faithfully

**James Moat**
**Duly authorised, for and on behalf of**
**Singer Capital Markets Advisory LLP**

## PART 3

## THE SCHEME OF ARRANGEMENT

**IN THE ROYAL COURT OF GUERNSEY**
**(ORDINARY DIVISION)**

**IN THE MATTER OF HIPGNOSIS SONGS FUND LIMITED**

**– and –**

**IN THE MATTER OF THE COMPANIES (GUERNSEY) LAW, 2008 (AS AMENDED)**

**SCHEME OF ARRANGEMENT**

**(under Part VIII of the Companies (Guernsey) Law, 2008 (as amended))**

**between**

**HIPGNOSIS SONGS FUND LIMITED**

**and**

**THE SCHEME SHAREHOLDERS**

**(as hereinafter defined)**

### PRELIMINARY

(A) In this Scheme, unless inconsistent with the subject or context, the following expressions shall bear the following meanings:

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| **"Acquisition"** | the proposed acquisition by Bidco of the entire issued and to be issued ordinary share capital of Hipgnosis, to be effected by means of the Scheme, and, where the context requires, any subsequent revision, variation, extension or renewal thereof; |
| **"Average Market Exchange Rate"** | the average \$:£ exchange rate to be calculated by dividing the total amount of US Dollars converted by Bidco pursuant to the Currency Conversion Facility by (the total amount of GBP received by Bidco pursuant to such currency conversion trades less any applicable and properly incurred transaction and dealing costs associated with such conversion); |
| **"Bidco"** | Lyra Bidco Limited; |
| **"Bidco Group"** | Bidco and its parent undertakings and such parent undertakings' subsidiary undertakings and, where the context permits, each of them; |
| **"Business Day"** | a day (other than Saturdays, Sundays and public holidays in the UK or Guernsey) on which banks are generally open for normal business in the City of London and Guernsey; |
| **"Cash Consideration"** | the cash amount of US\$1.31 per Scheme Share payable to Scheme Shareholders by Bidco under the Acquisition in respect of each Scheme Share, as may be adjusted in accordance with the terms pursuant to this Scheme; |
| **"certificated"** or **"in certificated form"** | in relation to a share or other security, a share or other security which is not in uncertificated form (that is not in CREST); |
| **"Companies Law"** | the Companies (Guernsey) Law, 2008 (as amended); |
| **"Conditions"** | the conditions of the Acquisition, as set out in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of the Scheme Document and "**Condition**" shall be construed accordingly; |

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| **"Court"** | the Royal Court of Guernsey; |
| **"Court Hearing"** | the Court hearing at which Hipgnosis will seek an order sanctioning the Scheme for the purposes of section 110 of the Companies Law; |
| **"Court Meeting"** | the meeting of the Scheme Shareholders convened pursuant to an order of the Court pursuant to section 107 of the Companies Law, for the purpose of considering and, if thought fit, approving the Scheme, including any adjournment, postponement or reconvention of any such meeting; |
| **"CREST"** | the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear, in accordance with the CREST Regulations; |
| **"CREST Regulations"** | the Uncertificated Securities (Guernsey) Regulations, 2009, including: (i) any enactment or subordinate legislation which amends or supersedes those regulations, and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force; |
| **"Currency Conversion Facility"** | the facility under which a Scheme Shareholder may elect to receive the Cash Consideration in GBP; |
| **"Currency Election"** | an election under the Currency Conversion Facility to receive the Cash Consideration in GBP instead of US Dollars which is made by Scheme Shareholders in accordance with the instructions set out in paragraph 14 of Part 7 (*Additional Information*) of this document; |
| **"Effective"** | the Scheme having become effective in accordance with its terms, upon the delivery of a copy of the order of the Court sanctioning the Scheme to the Guernsey Registry; |
| **"Effective Date"** | the date on which the Scheme becomes Effective; |
| **"Encumbrances"** | all liens, equities, charges, securities interests, encumbrances, options, rights of pre-emption and any other third-party rights and interests of any nature whatsoever; |
| **"Euroclear"** | Euroclear UK & International Limited; |
| **"Excluded Shares"** | any Hipgnosis Shares which are: (i) registered in the name of, or beneficially owned by, Bidco or any other member of the Wider Bidco Group or any of their respective nominees; or (ii) held as treasury shares, in each case at any relevant time; |
| **"Guernsey"** | the Island of Guernsey; |
| **"Guernsey Registry"** | the body authorised by the States of Guernsey to maintain various registers as required under Guernsey legislation and operating under the name Guernsey Registry; |
| **"Hipgnosis"** or **the "Company"** | Hipgnosis Songs Fund Limited, a non-cellular company incorporated under the laws of Guernsey with registration number 65158 and which has its registered office at P.O. Box 286, Floor 2, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 4LY; |
| **"Hipgnosis Shareholders"** or **"Shareholders"** | holders of Hipgnosis Shares at any relevant date or time; |
| **"Hipgnosis Shares"** | the existing issued and fully paid ordinary shares of no-par value in the share capital of Hipgnosis and any further such ordinary shares which are issued before the Scheme becomes Effective; |
| **"holder"** | a registered holder, including any person entitled by transmission; |
| **"Latest Practicable Date"** | 12 June 2024 (being the latest practicable date prior to the publication of the Scheme Document); |

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| **"Long Stop Date"** | 5 November 2024 or such later date (if any) as Bidco and Hipgnosis may (with the consent of the Panel) agree and (if required) that the Court may allow; |
| **"Panel"** | the UK Panel on Takeovers and Mergers; |
| **"Register"** | the register of members of the Company kept and maintained on behalf of the Company by the Registrar in Guernsey; |
| **"Registrar"** | Computershare Investor Services (Guernsey) Limited; |
| **"Scheme"** | this scheme of arrangement under Part VIII of the Companies Law between Hipgnosis and the Scheme Shareholders in connection with the Acquisition, in its present form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Hipgnosis and Bidco; |
| **"Scheme Document"** | the document dated 14 June 2024 sent by Hipgnosis to Hipgnosis Shareholders and others containing, among other things, this Scheme, an explanatory statement in compliance with section 108 of the Companies Law, and the notice of the Court Meeting; |
| **"Scheme Record Time"** | 6.00 p.m. London time on the day of the Court Hearing or such later time as Bidco and Hipgnosis may agree; |
| **"Scheme Shareholders"** | holders of Scheme Shares at any relevant date or time and a "**Scheme Shareholder**" shall mean any one of the Scheme Shareholders; |
| **"Scheme Shares"** | all Hipgnosis Shares which are:<br>(a) in issue as at the date of the Scheme Document and which remain in issue at the Scheme Record Time;<br>(b) (if any) issued after the date of the Scheme Document but at or before the Scheme Voting Record Time and which remain in issue at the Scheme Record Time; and<br>(c) (if any) issued after the Scheme Voting Record Time but at or before the Scheme Record Time, either on terms that the original or any subsequent holders thereof shall be bound by this Scheme or in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be bound by the Scheme and which remain in issue at the Scheme Record Time,<br>but in each case other than any Excluded Shares; |
| **"Scheme Voting Record Time"** | 6.00 p.m. London time on the day two calendar days before the date of the Court Meeting or any adjournment or postponement of it (as the case may be); |
| **"Sterling"** | Pounds sterling, the lawful currency for the time being of the UK and references to "GBP", "penny", "pence" and "p" shall be construed accordingly; |
| **"Takeover Code"** | the City Code on Takeovers and Mergers; |
| **"uncertificated"** or **in "uncertificated form"** | in relation to, a share or other security, a share or other security the title to which is recorded on the Register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; |
| **"United Kingdom"** or **"UK"** | the United Kingdom of Great Britain and Northern Ireland; and |
| **"US Dollars"** | US Dollars, the lawful currency for the time being of the United States of America and references to "US£", "$", "USD" and "c" shall be construed accordingly. |

and where the context so admits or requires, the plural includes the singular and vice versa. References to Clauses are to clauses of this Scheme.

(B) As at the Latest Practicable Date, the issued ordinary share capital of Hipgnosis (excluding treasury shares) was 1,209,214,286 Hipgnosis Shares of no-par value each. Additionally 2,000,000 Hipgnosis Shares are held as treasury shares.

(C) Bidco has, subject to the satisfaction or, where applicable, waiver of the Conditions, agreed to appear by counsel on the hearing to sanction this Scheme and to undertake to the Court to be bound thereby and to execute and do and procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it or on its behalf for the purpose of giving effect to this Scheme (including, without limitation, settling the Cash Consideration payable to the Scheme Shareholders pursuant to this Scheme).

## THE SCHEME

### 1 TRANSFER OF SCHEME SHARES

(a) On the Effective Date, Bidco (and/or its nominee(s)) shall acquire all of the Scheme Shares fully paid up and free from all Encumbrances and together with all rights attaching to them at the date of this Scheme or thereafter, including voting rights and entitlement to receive and retain, in full, all dividends and other distributions (if any) and any return of capital declared, paid or payable by Hipgnosis with a record date on or after the Effective Date in accordance with its terms.

(b) For the purposes of such acquisition, the Scheme Shares shall be transferred from the Scheme Shareholders to Bidco (and/or its nominee(s)) and to give effect to such transfers any person may be appointed by Bidco as attorney and/or agent and/or otherwise and shall be authorised as such attorney and/or agent and/or otherwise on behalf of the relevant Scheme Shareholder to execute and deliver as transferor a share transfer form in respect of such Scheme Shares and that share transfer form so executed shall be effective as if it had been executed by the holder or holders of the Scheme Shares thereby transferred. Scheme Shares held within CREST shall be removed from CREST such that they shall be held in certificated form, and such Scheme Shares will then be transferred from the relevant Scheme Shareholders to Bidco by means of the share transfer form referred to in this Clause 1(b).

(c) From the Effective Date and pending the registration of the transfer of the Scheme Shares pursuant to this Scheme, each Scheme Shareholder irrevocably:

(i) appoints Bidco (and/or its nominee(s)) as their attorney and/or agent and/or otherwise to exercise on its behalf (in place of and to the exclusion of the relevant Scheme Shareholder) any voting rights attached to the Scheme Shares and any or all rights and privileges (including the right to requisition the convening of a general meeting of Hipgnosis) attaching to the Scheme Shares;

(ii) appoints Bidco (and/or its nominee(s)) and any one or more of its directors or agents and/or otherwise to sign on behalf of such Scheme Shareholder any such documents, and do all such things, as may in the opinion of Bidco and/or any one or more of its directors or agents or otherwise be necessary or desirable in connection with the exercise of any votes or any other rights or privileges attaching to its Scheme Shares (including, without limitation, an authority to sign any consent to short notice of any general meeting of Hipgnosis as attorney or agent for, and on behalf of, such Scheme Shareholder and/or to attend and/or to execute a form of proxy in respect of its Scheme Shares appointing any person nominated by Bidco and/or any one or more of its directors or agents to attend any general meetings of Hipgnosis (or any adjournment thereof) and to exercise or refrain from exercising the votes attaching to the Scheme Shares on such Scheme Shareholder's behalf); and

(iii) authorises Hipgnosis to send to Bidco (and/or its nominee(s)) any notice, circular, warrant or other document or communication which may be required to be sent to them as a member of Hipgnosis in respect of such Scheme Shares, such that from the Effective Date, no Scheme Shareholder shall be entitled to exercise any voting rights attached to the Scheme Shares or any other rights or privileges attaching to the Scheme Shares.

## 2 CONSIDERATION FOR THE TRANSFER OF THE SCHEME SHARES

(a) In consideration for the transfer of the Scheme Shares as provided in Clause 1 above, Bidco shall (subject to the remaining provisions of this Scheme) pay to, or shall procure that there shall be paid to or for the account of, the Scheme Shareholders (as appearing in the Register at the Scheme Record Time) US$1.31 in cash for each Scheme Share held at the Scheme Record Time, PROVIDED THAT, if the Company declares, makes or pays a dividend (other than a permitted dividend) and/or other distribution and/or return of capital after the Latest Practicable Date and on or before the Effective Date, the price per Scheme Share shall automatically be reduced by such amount payable by way of dividend (other than a permitted dividend) and/or distribution and/or return of capital per Scheme Share (other than in circumstances where Bidco is permitted to increase the offer price per Scheme Share, in which case Bidco shall be entitled (but not obliged) to reduce the price per Scheme Share by such amount payable by way of dividend (other than a permitted dividend) and/or distribution and/or return of capital per Scheme Share). Any such reduction of the Cash Consideration shall not be regarded as constituting any revision or variation of the terms of the Scheme.

(b) If the price per Scheme Share payable by Bidco is reduced in accordance with Clause 2(a) above by the amount of any dividend and/or other distribution and/or return of capital:

   (i) the Scheme Shareholders (appearing on the Register at the Scheme Record Time as determined by the directors of the Company) shall be entitled to receive and retain the dividend or other distribution or return of capital in respect of the Scheme Shares they hold;

   (ii) any reference in this Scheme to the consideration payable under the Scheme shall be deemed a reference to the price per Scheme Share as so reduced; and

   (iii) such reduction shall not require Bidco to provide notice to the Scheme Shareholders or the Company and shall not be regarded as constituting any revision or variation of the terms of this Scheme.

(c) To the extent that any such dividend and/or other distribution and/or other return of capital is declared, made or paid in respect of Hipgnosis Shares and is: (i) transferred pursuant to the Acquisition on a basis which entitles Bidco to receive and retain the dividend and/or other distribution and/or other return of capital or (ii) cancelled, the Cash Consideration will not be subject to change in accordance with Clause 2(a).

(d) Subject to the terms and conditions set out in this Scheme, each Scheme Shareholder may elect under the Currency Conversion Facility to receive the Cash Consideration which is payable to them in accordance with clause 2 of this Scheme, in Sterling at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time (but before the relevant payment date specified pursuant to the terms of this Scheme), by making a valid Currency Election.

## 3 SETTLEMENT

(a) As soon as practicable after the Effective Date, and save as otherwise set out in this Clause 3, in any event not more than 14 calendar days after the Effective Date (or such other period as may be approved by the Panel), Bidco shall:

   (i) in the case of Scheme Shares which at the Scheme Record Time are held in certificated form, subject to Clause 3(g) below, despatch or procure the despatch of, to the persons entitled thereto or as they may direct, in accordance with the provisions of this Clause 3, cheques or electronic payment for the Cash Consideration payable to them respectively pursuant to Clause 2 of this Scheme; or

   (ii) in the case of Scheme Shares which at the Scheme Record Time are held in uncertificated form, subject to Clause 3(g) below, instruct Euroclear to create a CREST assured payment obligation in respect of the Cash Consideration payable to the persons entitled thereto in accordance with the CREST payment arrangements, PROVIDED THAT Bidco reserves the right to make payment of the Cash Consideration by cheque or electronic payment as described in Clause 3(a)(i) above if, for any reason, it wishes to do so.

(b) As from the Scheme Record Time, each holding of Scheme Shares credited to any stock account in CREST shall be disabled and all Scheme Shares shall be removed from CREST in due course.

(c) All deliveries of notices and cheques required to be made pursuant to this Scheme shall be effected by posting the same from the UK by first class post (or by such other method as may be approved by the Panel) addressed to the persons entitled thereto at their respective addresses as appearing in the Register at the Scheme Record Time (or, in the case of joint holders, at the address of that one of the joint holders whose name stands first in the said register in respect of such joint holding at such time).

(d) None of Hipgnosis, Bidco or their respective agents or the Registrar shall be responsible for any loss or delay in the transmission of any notice, certificate, cheque or payment sent in accordance with this Clause 3 which shall be sent at the risk of the person entitled to it.

(e) All Cash Consideration due to Scheme Shareholders shall be paid in US Dollars or in Sterling according to the Currency Election made by the Scheme Shareholder(s) concerned and, in the case of a cheque, drawn on a UK clearing bank, or by electronic payment to their mandated bank or building society account as recorded by the Registrar.

(f) In respect of Scheme Shareholders, subject to Clause 3(g) below, all cheques shall be made payable to the holder (except that, in the case of joint holders, Bidco reserves the right to make cheques payable to the joint holder whose name stands first in the Register in respect of such joint holding at the Scheme Record Time) and the encashment of any such cheque shall be a complete discharge to Bidco for the obligation to pay the monies represented thereby. In respect of payments made through CREST, Bidco shall instruct (or procure the instruction of) Euroclear such that an assured payment obligation is credited in accordance with the CREST system assured payment arrangements. The instruction of Euroclear shall be a complete discharge of Bidco's obligations under this Scheme with reference to payments made through CREST.

(g) No electronic payment shall be made to any Scheme Shareholder where the Company and/or the Registrar have been unable to validate the electronic payment details to the satisfaction of the Company and/or the Registrar. The Registrar shall also have the power to withhold any Cash Consideration payable to any Scheme Shareholder where either the Company and/or the Registrar believe that there is a verification issue with the information provided for that Scheme Shareholder or any underlying beneficial holders, where the information is required for the purpose of payment of the Cash Consideration to the Scheme Shareholder.

(h) The Cash Consideration withheld by the Registrar pursuant to Clause 3(g) above will be held in trust by the Registrar, or such other person as Bidco may nominate (including Bidco), in a separate, interest-bearing bank account established solely for this purpose, on behalf of such Scheme Shareholder for a period of twelve years from the Effective Date, after which time if it remains unclaimed for any reason the Cash Consideration will be forfeited and cease to remain owing by Bidco or Hipgnosis (or the Registrar) and shall thenceforth belong to Bidco absolutely (with any interest accruing for the benefit of Bidco). For the avoidance of doubt, no interest will accrue for the benefit of Scheme Shareholders on the Cash Consideration and any payment of Cash Consideration subsequently claimed by the relevant Scheme Shareholders will be made net of any fees or expenses payable to the account bank in respect of the relevant bank account, and any taxes on the amounts of Cash Consideration payable to the relevant Scheme Shareholders which the account holder is required to withhold or deduct.

(i) Subject to the verification process as mentioned in Clause 3(g) above, all payments made by way of electronic transfer as authorised or permitted under the terms of this Scheme shall be paid to the Scheme Shareholder concerned using the account details indicated in the standing electronic payment mandate set up by such Scheme Shareholder with the Registrars and the transfer of such amount by way of electronic transfer shall be a complete discharge to Bidco for the monies represented thereby.

(j) The provisions of this Clause 3 shall be subject to any prohibition or condition imposed by law.

## 4 CERTIFICATES AND CANCELLATIONS

With effect from and including the Effective Date:

(a) Scheme Shareholders shall, in accordance with this Scheme, cease to have any rights with respect to the Scheme Shares, except the right to receive the consideration determined as set out in Clause 2;

(b) all certificates representing Scheme Shares shall cease to be valid as documents of title to the shares represented thereby and every holder thereof shall be bound at the request of Hipgnosis to deliver up the same to Hipgnosis to receive such certificates, or, as it may direct to destroy the same;

(c) in respect of those Scheme Shareholders holding Scheme Shares in uncertificated form, Euroclear shall be instructed to cancel or transfer such holders' entitlements to such Scheme Shares;

(d) following the cancellation of entitlements to Scheme Shares held by Scheme Shareholders in uncertificated form, the Registrar shall be authorised to rematerialise entitlements to such Scheme Shares; and

(e) as regards all certificated Scheme Shares, appropriate entries will be made in the Register to reflect their transfer of Scheme Shares to Bidco.

## 5 MANDATES

Save as required in relation to the settlement of consideration pursuant to the terms of the Scheme, all mandates and other instructions given to Hipgnosis by Scheme Shareholders in force at the Scheme Record Time relating to Scheme Shares shall, as from the Effective Date, cease to be valid.

## 6 THE EFFECTIVE DATE

(a) This Scheme shall become Effective at the time that a copy of the order of the Court sanctioning this Scheme pursuant to Part VIII of the Companies Law at the Court Hearing is delivered to the Guernsey Registry.

(b) Unless this Scheme shall become Effective before midnight on the Long Stop Date or such later date if any as Hipgnosis and Bidco may agree with the consent of the Panel and that the Court may allow, this Scheme shall never become Effective.

## 7 MODIFICATION

Hipgnosis and Bidco may jointly consent on behalf of all persons concerned to any modification of, or addition to, this Scheme or to any condition which the Court may approve or impose. Any such modification or addition shall require the consent of the Panel where such consent is required under the rules of the Takeover Code. For the avoidance of doubt, no modification may be made to this Scheme once it has taken effect.

## 8 GOVERNING LAW

This Scheme is governed by the Guernsey law and is subject to the exclusive jurisdiction of the Court. The rules of the Takeover Code will, so far as they are appropriate, apply to this Scheme.

Date: 14 June 2024

# PART 4

# CONDITIONS TO AND FURTHER TERMS OF THE SCHEME AND THE ACQUISITION

## PART A:

## CONDITIONS TO THE SCHEME AND THE ACQUISITION

**Long Stop Date**

1. The Acquisition is conditional upon the Scheme becoming unconditional and becoming Effective, subject to the provisions of the Takeover Code, by no later than 11.59 p.m. on the Long Stop Date.

**Scheme approval**

2. The Scheme will be subject to the following Conditions:

   (a)

      (i) its approval by a majority in number representing 75 per cent. or more of the voting rights of the Scheme Shareholders who are on the Register at the Scheme Voting Record Time, present and voting, whether in person or by proxy, at the Court Meeting (or any adjournment thereof); and

      (ii) such Court Meeting being held on or before the 21st day after the expected date of the Court Meeting as set out in this Scheme Document (or such later date, if any, as may be agreed by Bidco and Hipgnosis or, in a competitive situation, as the Panel may consent to);

   (b)

      (i) the Resolution being duly passed at the General Meeting (or any adjournment thereof); and

      (ii) such General Meeting being held on or before the 21st day after the expected date of the General Meeting as set out in this Scheme Document (or such later date, if any, as may be agreed by Bidco and Hipgnosis or, in a competitive situation, as the Panel may consent to); and

   (c)

      (i) the sanction of the Scheme by the Court (with or without modification, but subject to such modification being acceptable to Bidco and Hipgnosis); and

      (ii) the Court Hearing being held on or before the 21st day after the expected date of the Court Hearing as set out in this Scheme Document (or such later date, if any, as may be agreed by Bidco and Hipgnosis or, in a competitive situation, as the Panel may consent to (and that the Court may allow if required)).

**Anti-trust and regulatory clearances**

3. In addition, subject to: (i) the terms of Part B of this Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this Scheme Document, and (ii) the requirements of the Panel, Bidco and Hipgnosis have agreed that the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to complete the Acquisition will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived:

   ***United Kingdom***

   (a) insofar as the Competition and Markets Authority ("**CMA**") requests information in relation to the Acquisition pursuant to s.5 of the Enterprise Act 2002 (the "**Enterprise Act**") or in response to a briefing paper, the CMA shall have confirmed in writing that it has no further questions in relation to the Acquisition, and at the time all other Conditions to the Acquisition are satisfied shall not have raised any outstanding questions or otherwise indicated that it is considering whether to open an investigation; or shall otherwise have cleared the Acquisition pursuant to the Enterprise Act.

***United States of America***

(b) in so far as the Acquisition satisfies the applicable premerger notification thresholds, all necessary notifications and filings in respect of the Acquisition shall have been made under the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended) (the "**HSR Act**") and the regulations promulgated thereunder, and all applicable waiting periods under the HSR Act and those regulations (including any agreements with the U.S. Federal Trade Commission or the Antitrust Division of the U.S. Department of Justice to delay consummation of the Acquisition) shall have expired, lapsed or been terminated.

**Notifications, waiting periods and Clearances**

4. In addition to Condition 3 above, subject to: (i) the terms of Part B of this Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this Scheme Document, and (ii) the requirements of the Panel, the Acquisition will be conditional upon the following Conditions and, accordingly, the necessary actions to complete the Acquisition will not be taken unless the following Conditions (as amended if appropriate) have been satisfied or, where relevant, waived prior to completion of the Acquisition:

(a) all material notifications, filings and/or applications which are deemed by Bidco to be necessary in any relevant jurisdiction under applicable legislation or regulation having been made and all necessary waiting and other time periods (including any extensions thereof) under any applicable legislation or regulation of any relevant jurisdiction having expired, lapsed or been terminated (as appropriate), and all statutory or regulatory obligations in any relevant jurisdiction having been complied with, in each case in connection with the Acquisition or the acquisition, or proposed acquisition, of any shares or other securities (or the equivalent) in, or control of, Hipgnosis or any other member of the Wider Hipgnosis Group by any member of the Wider Bidco Group; and

(b) all other Clearances which are deemed by Bidco to be necessary in any relevant jurisdiction for or in respect of the Acquisition (or its implementation) or the acquisition, or proposed acquisition, of any shares or other securities (or the equivalent) in, or control of, Hipgnosis or any other member of the Wider Hipgnosis Group by Bidco or any member of the Wider Bidco Group, having been obtained on terms and in a form reasonably satisfactory to Bidco from all appropriate Relevant Authorities or (without prejudice to the generality of the foregoing) from any persons or bodies with whom any member of the Wider Bidco Group or any other member of the Wider Hipgnosis Group has entered into contractual arrangements, and all such Clearances, together with all Clearances necessary for any member of the Wider Hipgnosis Group to carry on its business, remaining in full force and effect at the time at which the offer becomes otherwise unconditional in all respects, and there being no notice or intimation of any intention to revoke, suspend, restrict, modify or not to renew such Clearances;

**General Regulatory**

5. No Relevant Authority, having given notice of a decision to take, institute, implement or threaten any action, proceeding, suit, investigation, enquiry or reference (and, in each case, without having withdrawn the same), or having required any action to be taken or otherwise having done anything or having enacted, issued, made or proposed any statute, regulation, decision or order or change to published practice and there not continuing to be outstanding or in effect any statute, regulation, decision or order, whether temporary, preliminary or permanent, which has the effect of or might:

(a) make the Acquisition, its implementation or the acquisition or proposed acquisition of any shares or other securities (or the equivalent) in, or control or management of, any member of the Wider Hipgnosis Group by any member of the Wider Bidco Group and/ or its implementation void, voidable, illegal and/or unenforceable under the laws of any relevant jurisdiction, or otherwise directly or indirectly prevent, prohibit, or restrain, restrict, materially delay or otherwise materially interfere with the implementation of, or impose material additional conditions or obligations with respect to, or otherwise challenge, impede or interfere with the Acquisition (or its implementation) or such acquisition, or require material amendment to the terms of the Acquisition or the acquisition of any shares or other securities (or the equivalent) in, or control or management of, any member of the Wider Hipgnosis Group by any member of the Wider Bidco Group;

(b) require, prevent or materially delay the divestiture or alter the terms envisaged for such divestiture by any member of the Wider Bidco Group or by any member of the Wider Hipgnosis Group of all or any part of their respective businesses, assets or property or impose any limitation on the ability of all or any of them to conduct their businesses (or any part thereof) or to own, control or manage any of their assets or properties (or any part thereof);

(c) impose any material limitation on, or result in a material delay in, the ability of any member of the Wider Bidco Group directly or indirectly to acquire or hold or to exercise effectively all or any rights of ownership in respect of shares or other securities (or the equivalent) in Hipgnosis (or any member of the Wider Hipgnosis Group) or on the ability of any member of the Wider Hipgnosis Group or any member of the Wider Bidco Group directly or indirectly to hold or exercise effectively any rights of ownership in respect of shares or other securities (or the equivalent) in, or to exercise management control over, any member of the Wider Hipgnosis Group;

(d) other than in the context of the Acquisition or, if applicable, the Companies Law, require any member of the Wider Bidco Group or the Wider Hipgnosis Group to acquire or offer to acquire any shares, other securities (or the equivalent) or interest in any member of the Wider Hipgnosis Group or any asset owned by any third party;

(e) require, prevent or materially delay a divestiture, or alter the terms envisaged for any proposed divestiture, by any member of the Wider Bidco Group of any shares or other securities (or the equivalent) in any member of the Wider Hipgnosis Group;

(f) result in any member of the Wider Hipgnosis Group ceasing to be able to carry on business under any name under which it presently carries on business;

(g) impose any material limitation on the ability of any member of the Wider Bidco Group or any member of the Wider Hipgnosis Group to conduct, integrate or co-ordinate all or any part of their respective businesses with all or any part of the business of any other member of the Wider Bidco Group and/or the Wider Hipgnosis Group (as applicable); and

(h) except as Disclosed, otherwise adversely affect the business, assets, financial or trading position or prospects of any member of the Wider Hipgnosis Group or any member of the Wider Bidco Group.

**Confirmation of absence of adverse circumstances**

6. Except as Disclosed, there being no provision of any arrangement, agreement, lease, licence, permit, franchise or other instrument to which any member of the Wider Hipgnosis Group is a party, or by or to which any such member, or any of its assets is or may be bound, entitled or subject to, or any event or circumstance, which, in each case as a consequence of the Acquisition or the proposed acquisition by Bidco or any member of the Wider Bidco Group of any shares or other securities in Hipgnosis or because of a change in the control or management of, Hipgnosis or any member of the Wider Hipgnosis Group, would or might reasonably be expected to result in, in each case to an extent which is material in the context of the Wider Hipgnosis Group taken as a whole or to the financing of the Acquisition:

(a) any monies borrowed by, or any other indebtedness, actual or contingent of, or any grant available to, any member of the Wider Hipgnosis Group being or becoming repayable, or capable of being declared repayable, immediately or prior to its or their stated maturity date or repayment date, or the ability of any such member to borrow monies or incur any indebtedness being withdrawn or inhibited or being capable of becoming or being withdrawn or inhibited;

(b) the rights, liabilities, obligations, interests or business of any member of the Wider Hipgnosis Group or any member of the Wider Bidco Group under any such arrangement, agreement, licence, permit, lease or instrument or the interests or business of any member of the Wider Hipgnosis Group or any member of the Wider Bidco Group in or with any other firm or company or body or person (or any agreement or arrangement relating to any such business or interests) being or likely to become terminated or adversely modified or affected or any onerous obligation or liability arising or any adverse action being taken or arising thereunder;

(c) any member of the Wider Hipgnosis Group ceasing to be able to carry on business under any name under which it presently carries on business to an extent which is material in the context of the Hipgnosis Group taken as a whole or in the context of the Acquisition;

(d) any assets or interests of, or any asset the use of which is enjoyed by, any member of the Wider Hipgnosis Group being or falling to be disposed of or charged or any right arising under which any such asset or interest could be required to be disposed of or charged or could cease to be available to any member of the Wider Hipgnosis Group otherwise than in the ordinary course of business;

(e) other than in the ordinary course of business, the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any member of the Wider Hipgnosis Group or any such mortgage, charge or other security interest (whenever created, arising or having arisen), becoming enforceable;

(f) the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Hipgnosis Group being prejudiced or adversely affected;

(g) the creation or acceleration of any material liability (actual or contingent) by any member of the Wider Hipgnosis Group other than trade creditors or other liabilities incurred in the ordinary course of business; or

(h) any liability of any member of the Wider Hipgnosis Group to make any severance, termination, bonus or other payment to any of its directors or other officers other than in the ordinary course of business;

**No material transactions, claims or changes in the conduct of the business of the Hipgnosis Group**

7. Except as Disclosed, no member of the Wider Hipgnosis Group having since 31 March 2023:

(a) issued or agreed to issue or authorised or proposed or announced its intention to authorise or propose the issue of additional shares of any class, or securities or securities convertible into, or exchangeable for, or rights, warrants or options to subscribe for or acquire, any such shares or convertible securities or transferred or sold or agreed to transfer or sell or authorised or proposed the transfer or sale of Hipgnosis Shares out of treasury (except, where relevant, as between Hipgnosis and wholly-owned subsidiaries of Hipgnosis or between the wholly-owned subsidiaries of Hipgnosis);

(b) recommended, declared, paid or made or agreed to recommend, declare, pay or make any bonus issue, dividend or other distribution (whether payable in cash or otherwise) other than to Hipgnosis or one of its wholly-owned subsidiaries;

(c) save as between Hipgnosis and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, merged with (by statutory merger or otherwise) or demerged from or acquired any body corporate, partnership or business or acquired or disposed of, or, other than in the ordinary course of business, transferred, mortgaged or charged or created any security interest over, any assets or any right, title or interest in any asset (including shares and trade investments) or authorised, proposed or announced any intention to do so, in each case to an extent which is material in the context of the Wider Hipgnosis Group taken as a whole;

(d) save as between Hipgnosis and its wholly-owned subsidiaries or between such wholly-owned subsidiaries, made, authorised, proposed or announced an intention to propose any change in its loan capital other than in the ordinary course of business and to an extent which is material in the context of the Wider Hipgnosis Group taken as a whole;

(e) issued, authorised or proposed or announced an intention to authorise or propose the issue of, or made any change in or to the terms of, any debentures or (save in the ordinary course of business and save as between Hipgnosis and its wholly-owned subsidiaries or between such wholly-owned subsidiaries) incurred or increased any indebtedness or become subject to any contingent liability to an extent which is material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition;

(f) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary, any contract, transaction, arrangement or commitment (whether in respect of capital expenditure or otherwise) (otherwise than in the ordinary course of business) which is of a long-term, unusual or onerous nature, or which involves or could reasonably be expected to involve an obligation of a nature or magnitude which is or is likely to be materially restrictive on the business of any member of the Wider Hipgnosis Group to an extent which is or is reasonably likely to be material to the Wider Hipgnosis Group taken as a whole;

(g) entered into any licence or other disposal of intellectual property rights of any member of the Wider Hipgnosis Group which are material in the context of the Wider Hipgnosis Group and outside the normal course of business;

(h) entered into, varied, authorised or proposed entry into or variation of, or announced its intention to enter into or vary the terms of or made any offer (which remains open for acceptance) to enter into or vary the terms of, any contract, commitment, arrangement or any service agreement with any director or senior executive of the Wider Hipgnosis Group save for salary increases, bonuses or variations of terms in the ordinary course;

(i) (excluding the trustee of any pension scheme(s) established by a member of the Wider Hipgnosis Group other than Hipgnosis itself) made, agreed or consented to or procured any significant change to: (a) the terms of any existing trust deeds, rules, policy or other governing documents, or entered into or established any new trust deeds, rules, policy or other governing documents, constituting any pension scheme or other retirement or death benefit arrangement established for the directors, former directors, employees or former employees of any entity in the Wider Hipgnosis Group or their dependants and established by a member of the Wider Hipgnosis Group (a "**Relevant Pension Plan**"); (b) the basis on which benefits accrue, pensions which are payable or the persons entitled to accrue or be paid benefits, under any Relevant Pension Plan; (c) the basis on which the liabilities of any Relevant Pension Plan are funded or valued; or (d) the basis or rate of employer contribution to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law; or (ii) enter into or propose to enter into one or more bulk annuity contracts in relation to any Relevant Pension Plan; or (iii) carried out any act: (a) which would or could reasonably be expected to lead to the commencement of the winding up of any Relevant Pension Plan; (b) which would or is reasonably likely to create a material debt owed by an employer to any Relevant Pension Plan; (c) which would or might accelerate any obligation on any employer to fund or pay additional contributions to any Relevant Pension Plan; or (d) which would, having regard to the published guidance of the Pensions Regulator give rise directly or indirectly to a liability in respect of a Relevant Pension Plan arising out of the operation of sections 38 and 38A of the Pensions Act 2004 in relation to a Relevant Pension Plan, in each case to the extent which is material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition and other than as required in accordance with applicable law;

(j) changed the trustee or trustee directors or other fiduciary of any Relevant Pension Plan;

(k) entered into, implemented or effected, or authorised, proposed or announced its intention to implement or effect, any joint venture, asset or profit-sharing arrangement, partnership, composition, assignment, reconstruction, amalgamation, commitment, scheme or other transaction or arrangement (other than the Acquisition) otherwise than in the ordinary course of business which is material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition;

(l) purchased, redeemed or repaid or announced any proposal to purchase, redeem or repay any of its own shares or other securities or reduced made any other change to any part of its share capital to an extent which (other than in the case of Hipgnosis) is material in the context of the Wider Hipgnosis Group taken as a whole;

(m) other than with respect to claims between Hipgnosis and its wholly owned subsidiaries (or between such subsidiaries), waived, compromised or settled any claim otherwise than in the ordinary course of business which is material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition;

(n) made any alteration to its articles of incorporation or other constitutional documents (in each case, other than in connection with the Acquisition) which is material in the context of the Acquisition;

(o) (other than in respect of a member of the Wider Hipgnosis Group which is dormant and was solvent at the relevant time) taken or proposed any steps, corporate action or had any legal proceedings instituted or threatened against it in relation to the suspension of payments, a moratorium of any indebtedness, its winding-up (voluntary or otherwise), dissolution, reorganisation or for the appointment of any administrator, receiver, manager, administrative receiver, trustee or similar officer of all or any of its assets or revenues or any analogous proceedings in any jurisdiction or appointed any analogous person in any jurisdiction or had any such person appointed which is material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition;

(p) been unable, or admitted in writing that it is unable, to pay its debts or commenced negotiations with one or more of its creditors with a view to rescheduling or restructuring any of its indebtedness, or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business which is material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition;

(q) entered into any contract, commitment, agreement or arrangement otherwise than in the ordinary course of business or passed any resolution or made any offer (which remains open for acceptance) with respect to or announced an intention to, or to propose to, effect any of the transactions, matters or events referred to in this Condition;

(r) terminated or varied the terms of any agreement or arrangement between any member of the Wider Hipgnosis Group and any other person in a manner which would or might be expected to have a material adverse effect on the financial position of the Wider Hipgnosis Group taken as a whole; or

(s) taken (or agreed or proposed to take) any action which requires, or would require, the consent of the Panel or the approval of Hipgnosis Shareholders in general meeting in accordance with, or as contemplated by, Rule 21.1 of the Takeover Code;

**No material adverse change**

8. Since 31 March 2023, and except as Disclosed, there having been:

(a) no adverse change and no circumstance having arisen which would be expected to result in any adverse change or deterioration in the business, assets, value, financial or trading position, profits, prospects or operational performance of any member of the Wider Hipgnosis Group to an extent which is material to the Wider Hipgnosis Group taken as a whole or to the financing of the Acquisition;

(b) no litigation, arbitration proceedings, prosecution or other legal proceedings including, without limitation, with regard to intellectual property rights used by the Wider Hipgnosis Group having been threatened, announced or instituted by or against or remaining outstanding against any member of the Wider Hipgnosis Group or to which any member of the Wider Hipgnosis Group is or may become a party (whether as claimant or defendant or otherwise) which, in any such case, might be expected to have a material adverse effect on the Wider Hipgnosis Group taken as a whole, and no enquiry, review, investigation or enforcement proceedings by, or complaint or reference to, any Relevant Authority against or in respect of any member of the Wider Hipgnosis Group having been threatened, announced or instituted by or against, or remaining outstanding in respect of, any member of the Wider Hipgnosis Group which, in any such case, might be expected to have a material adverse effect on the Wider Hipgnosis Group taken as a whole;

(c) no contingent or other liability having arisen, increased or become apparent which is reasonably likely to adversely affect the business, assets, financial or trading position, profits, prospects or operational performance of any member of the Wider Hipgnosis Group to an extent which is material to the Wider Hipgnosis Group taken as a whole;

(d) no steps having been taken and no omissions having been made which are reasonably likely to result in the withdrawal, cancellation, termination or modification of any licence held by any member of the Wider Hipgnosis Group, which is necessary for the proper carrying on of its business and the withdrawal, cancellation, termination or modification of which is material and reasonably likely to have a material adverse effect on the Wider Hipgnosis Group taken as a whole; and

(e) no member of the Wider Hipgnosis Group having conducted its business in material breach of any applicable laws and regulations which in any case is material in the context of the Wider Hipgnosis Group taken as a whole;

9. Since 31 March 2023, except as Disclosed, Bidco not having discovered:

(a) that any financial, business or other information concerning the Wider Hipgnosis Group publicly announced or disclosed to any member of the Wider Bidco Group at any time prior to the date of the Announcement by or on behalf of any member of the Wider Hipgnosis Group or to any of their advisers is misleading, contains a misrepresentation of fact or omits to state a fact necessary to make that information not misleading and which is, in any case, material in the context of the Wider Hipgnosis Group taken as a whole or in the context of the Acquisition;

(b) that any member of the Wider Hipgnosis Group is subject to any liability, contingent or otherwise and which is material in the context of the Wider Hipgnosis Group taken as a whole; or

(c) any information which affects the import of any information disclosed to Bidco at any time prior to the date of the Announcement by or on behalf of any member of the Wider Hipgnosis Group which is material in the context of the Wider Hipgnosis Group taken as a whole;

**Environmental liabilities**

10. Since 31 March 2023, except as Disclosed, Bidco not having discovered that, in relation to any release, emission, accumulation, discharge, disposal or other similar circumstance which has impaired or is likely to impair the environment (including property) or harmed or is likely to harm the health of humans, animals or other living organisms or eco-systems, no past or present member of the Wider Hipgnosis Group, in a manner or to an extent which is material in the context of the Wider Hipgnosis Group, (i) having committed any violation of any applicable laws, statutes, regulations, Clearances, notices or other requirements of any Relevant Authority giving rise to a material liability; and/or (ii) having incurred any material liability (whether actual or contingent) to any Relevant Authority; and/or (iii) being likely to incur any material liability (whether actual or contingent), or being required, to make good, remediate, repair, re-instate or clean up the environment (including any property) in each case of (i), (ii) or (iii) which such liability or requirement would be material to the Wider Hipgnosis Group taken as a whole;

**Intellectual property**

11. Except as Disclosed, no circumstance having arisen or event having occurred in relation to any intellectual property owned or used by any member of the Wider Hipgnosis Group which would be reasonably likely to have a material adverse effect on the Wider Hipgnosis Group taken as a whole or is otherwise material in the context of the Acquisition, including:

(a) any member of the Wider Hipgnosis Group losing its title to any intellectual property material to its business, or any intellectual property owned by the Wider Hipgnosis Group and material to its business being revoked, cancelled or declared invalid;

(b) any claim being asserted in writing or threatened in writing by any person challenging the ownership of any member of the Wider Hipgnosis Group to, or the validity or effectiveness of, any of its intellectual property; or

(c) any agreement regarding the use of any intellectual property licensed to or by any member of the Wider Hipgnosis Group being terminated or varied;

**Anti-corruption and sanctions**

12. Except as Disclosed, Bidco not having discovered that (to an extent that is material in the context of the Wider Hipgnosis Group taken as a whole):

(a) any past or present member of the Wider Hipgnosis Group or any person that performs or has performed services for or on behalf of any such company is or has at any time engaged in any activity, practice or conduct (or omitted to take any action) in contravention of the UK Bribery Act 2010, the U.S. Foreign Corrupt Practices Act of 1977, as amended or any other applicable anti-corruption legislation;

(b) any member of the Wider Hipgnosis Group is ineligible to be awarded any contract or business under section 23 of the Public Contracts Regulations 2006 or section 26 of the Utilities Contracts Regulations 2006 (each as amended);

(c) any past or present member of the Wider Hipgnosis Group has engaged in any activity or business with, or made any investments in, or made any payments to any government, entity or individual covered by any of the economic sanctions administered by the United Nations or the European Union (or any of their respective member states) or the United States Office of Foreign Assets Control or any other governmental or supranational body or authority in any jurisdiction; or

(d) a member of the Hipgnosis Group has engaged in a transaction which would cause the Bidco Group to be in breach of any law or regulation on completion of the Acquisition, including the economic sanctions administered by the United States Office of Foreign Assets Control or HM Treasury & Customs or any government, entity or individual targeted by any of the economic sanctions of the United Nations, United States or the European Union or any of its member states; or

**No criminal property**

13. Except as Disclosed, Bidco not having discovered that any asset of any member of the Wider Hipgnosis Group constitutes criminal property as defined by section 340(3) of the Proceeds of Crime Act 2002 (but disregarding paragraph (b) of that definition).

## PART B

## CERTAIN FURTHER TERMS OF THE ACQUISITION

1. Subject to the requirements of the Panel and the Takeover Code, Bidco reserves the right in its sole discretion to waive, in whole or in part, all or any of the Conditions set out in Part A of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this Scheme Document except Conditions 1, 2(a)(i), 2(b)(i) and 2(c)(i) which cannot be waived. If any of Conditions 1, 2(a)(ii), 2(b)(ii) and 2(c)(ii) is not satisfied by the relevant deadline specified in the relevant Condition, Bidco shall make an announcement by 8.00 a.m. on the Business Day following such deadline confirming whether it has invoked the relevant Condition, waived the relevant deadlines or agreed with Hipgnosis to extend the relevant deadline

2. Bidco shall be under no obligation to waive (if capable of waiver), to determine to be or remain satisfied or to treat as fulfilled any of the Conditions in Part A of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this Scheme Document that are capable of waiver by a date earlier than the latest date for the fulfilment of that Condition notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment

3. Under Rule 13.5(a) of the Takeover Code and subject to paragraph 4 of this Part B of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this Scheme Document, Bidco may only invoke a Condition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn with the consent of the Panel. The Panel will normally only give its consent if the circumstances which give rise to the right to invoke the Condition are of material significance to Bidco in the context of the Acquisition. This will be judged by reference to the facts of each case at the time that the relevant circumstances arise.

4. Condition 1 (subject to Rule 12 of the Takeover Code), Conditions 2.1, 2.2 and 2.3 in Part A of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this Scheme Document and, if applicable, any valid Acceptance Condition if the Acquisition is implemented by means of a Takeover Offer, are not subject to Rule 13.5(a) of the Takeover Code.

5. Any Condition that is subject to Rule 13.5(a) of the Takeover Code may be waived by Bidco.

6. If the Panel requires Bidco to make an offer or offers for Hipgnosis Shares under the provisions of Rule 9 of the Takeover Code, Bidco may make such alterations to the Conditions as are necessary to comply with the provisions of that Rule.

7. Bidco reserves the right to elect to implement the Acquisition by way of a Takeover Offer as an alternative to the Scheme, subject to the Panel's consent and (while the A&R Cooperation Agreement is continuing) to the terms of the A&R Cooperation Agreement. In such an event, such Takeover Offer will be implemented on the same terms and conditions, other than the price being increased to the price of the Revised Offer, so far as is applicable and subject to appropriate amendments, as those which would apply to the Initial Offer, including the Acceptance Condition as set out in the Announcement, of such number of Hipgnosis Shares as shall, when aggregated with Hipgnosis Shares acquired or unconditionally agreed to be acquired (whether pursuant to the Takeover Offer or otherwise) by Bidco, represent Hipgnosis Shares carrying not less than 55 per cent. of the voting rights then exercisable at a general meeting of Hipgnosis Shareholders (or such lower percentage as Bidco may decide), provided that Bidco shall hold or have acquired or agreed to acquire (whether pursuant to the Takeover Offer or otherwise) directly or indirectly, Hipgnosis Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Hipgnosis. If the Acquisition is effected by way of a Takeover Offer, and such Offer becomes or is declared unconditional and sufficient acceptances are received in respect of such Takeover Offer, Bidco intends to exercise its rights to apply the provisions of Part XVIII of the Companies Law so as to acquire compulsorily the remaining Hipgnosis Shares in respect of which the Offer has not been accepted.

8. The Acquisition will be subject, *inter alia*, to the Conditions and certain further terms, which are set out in this Part B of Part 4 (Conditions to and Further Terms of the Scheme and the Acquisition) of this Scheme Document, and such further terms as may be required to comply with the provisions of the Takeover Code and the applicable requirements of the Panel and the London Stock Exchange.

9. Hipgnosis Shares will be acquired by Bidco pursuant to the Acquisition fully paid and free from all liens, charges, encumbrances and other third party rights of any nature whatsoever and together with all rights attaching to them as at completion of the Acquisition, including the right to receive and retain all dividends and distributions (if any) declared, made or paid after completion of the Acquisition.

10. If, on or after the date of the Revised Offer Announcement and prior to completion of the Acquisition, any dividend and/or distribution is announced, declared, made or paid in respect of the Hipgnosis Shares with a record date prior to completion of the Acquisition, Bidco reserves the right to reduce the consideration payable under the terms of the Acquisition for the Hipgnosis Shares by an amount up to the aggregate amount of such dividend and/or distribution, in which case any reference in this Scheme Document to the consideration payable under the terms of the Acquisition will be deemed to be a reference to the consideration as so reduced. Any exercise by Bidco of its rights referred to in this paragraph 10 shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the Revised Offer or the Acquisition. In such circumstances, Hipgnosis Shareholders would be entitled to retain any such dividend or distribution.

11. No amounts of cash of less than one cent will be paid to any Scheme Shareholder pursuant to the Scheme and the aggregate amount of cash to which a Scheme Shareholder will be entitled under the Scheme will be rounded down to the nearest cent.

12. The availability of the Acquisition to persons not resident in the United Kingdom or Guernsey may be affected by the laws of the relevant jurisdictions. Persons who are not resident in the United Kingdom or Guernsey should inform themselves about and observe any applicable requirements. Further details in relation to overseas shareholders are set out in paragraph 10 of Part 2 (*Explanatory Statement*) of this document.

13. The Scheme will be governed by the laws of Guernsey and will be subject to the jurisdiction of the Court and to the conditions and further terms set out in this Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this Scheme Document. In the event that the Acquisition is implemented by way of a Takeover Offer, the acquisition will be governed by English law. The Acquisition will also be subject to the applicable requirements of the GFSC, the Companies Law, the Court (as a result of Hipgnosis being incorporated in Guernsey), the Panel and the Takeover Code.

14. Each of the Conditions shall be regarded as a separate Condition and shall not be limited by reference to any other Condition.

## PART 5

## INFORMATION ON THE HIPGNOSIS GROUP

### 1 GENERAL INFORMATION

Hipgnosis was incorporated in Guernsey under the Companies Law on 8 June 2018 as a non-cellular company limited by shares with an indefinite life with registered number 65158. Hipgnosis is domiciled in Guernsey and is tax resident in the United Kingdom. Hipgnosis is registered with the GFSC as a registered closed-ended collective investment scheme pursuant to the POI Law and the RCIS Rules. The Company's LEI number is 213800XJIPNDVKXMOC11.

The memorandum of incorporation of Hipgnosis provides that the Company has unrestricted objects. Hipgnosis Group's principal activities are to invest in a diverse portfolio of song catalogues, to collect income generated across a wide variety of sources from the ongoing exploitation of those copyrights, and to manage the development of those assets as intensively as possible to broaden awareness and stimulate consumption.

The registered office and principal place of business of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY with telephone number +44 (0) 1481 742 742.

Hipgnosis' website is *https://www.hipgnosissongs.com*. Except as expressly referred to in paragraph 2 of this Part 5 (*Information on the Hipgnosis Group*), the contents of Hipgnosis' website are not incorporated into and do not form part of this document. The principal legislation under which Hipgnosis operates is the Companies Law.

### 2 FINANCIAL INFORMATION

The following sets out financial information in respect of Hipgnosis as required by Rule 24.3 of the Takeover Code. The documents referred to below (or parts thereof), the contents of which have previously been announced through a Regulatory Information Service, are incorporated by reference into this document pursuant to Rule 24.15 of the Takeover Code:

- the unaudited consolidated interim financial statements of Hipgnosis for the period ended 30 September 2023 are set out on pages 24 to 51 (inclusive) of Hipgnosis' Interim Financial Report for the period ended 30 September 2023 available from Hipgnosis' website at *https://www.hipgnosissongs.com*;
- the audited consolidated accounts of Hipgnosis for the financial year ended 31 March 2023 are set out on pages 122 to 162 (both inclusive) of Hipgnosis' Annual Report and Accounts 2023 available from Hipgnosis' website at *https://www.hipgnosissongs.com*; and
- the audited consolidated accounts of Hipgnosis for the financial year ended 31 March 2022 are set out on pages 126 to 163 (both inclusive) of Hipgnosis' Annual Report and Accounts 2022 available from Hipgnosis' website at *https://www.hipgnosissongs.com*.

The Company will provide, without charge to each person to whom a copy of this document has been delivered, upon the oral or written request of such person pursuant to the instructions as set out on page 9 in the section titled 'Publication on Website and Right to Receive Hard Copies', a hard copy of any or all of the documents which are incorporated by reference herein as soon as possible and in any event within two Business Days of the receipt of such request. Hard copies of any documents or information incorporated by reference into this document will not be provided unless such a request is made.

### 3 RATINGS

There are no current ratings or outlooks publicly accorded to Hipgnosis by any ratings agencies.

# PART 6

# INFORMATION ON BIDCO

## 1 GENERAL INFORMATION

Bidco was incorporated on 25 April 2024 in England and Wales as a limited company with company registration number 15680043. Bidco's principal place of business and registered office is 40 Berkeley Square, London, W1J 5AL, United Kingdom. The principal legislation under which Bidco operates is the Companies Act.

## 2 FINANCIAL INFORMATION

Bidco is a newly-formed company indirectly wholly-owned by investment funds advised by affiliates of Blackstone. Bidco was formed for the purposes of the Acquisition and has not traded since its date of incorporation, nor has it entered into any obligations other than in connection with the Acquisition and as such there is no financial information available or published in respect of Bidco and it has no material assets or liabilities, in each case other than those described in this document in connection with the Acquisition.

Following the Scheme becoming Effective, the earnings, assets and liabilities of Bidco will include the consolidated earnings, assets and liabilities of the Hipgnosis Group on the Effective Date.

## 3 RATINGS

There are no current ratings or outlooks publicly accorded to Bidco or Blackstone by any ratings agencies.

# PART 7

# ADDITIONAL INFORMATION

## 1 RESPONSIBILITY

(a) The Hipgnosis Directors, whose names are set out in paragraph 2 of this Part 7 (*Additional Information*), accept responsibility for all the information contained in this document (including any expressions of opinion and all information in respect of the Hipgnosis Group which has been incorporated by reference into this document), except for that information for which the Bidco Board accept responsibility in accordance with paragraph 1(b) below. To the best of the knowledge and belief of the Hipgnosis Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they accept responsibility is in accordance with the facts and does not omit anything likely to affect the import of such information.

(b) The Bidco Board, whose names are set out in paragraph 2 of this Part 7 (*Additional Information*), accept responsibility for the information contained in this document (including any expressions of opinion) relating to Bidco, the Wider Bidco Group and the Bidco Board, and their respective immediate families and the related trusts of, and persons connected with, the Bidco Board, and the persons (other than the Hipgnosis Directors) deemed to be acting in concert (as such term is defined in the Takeover Code) with Bidco. To the best of the knowledge and belief of the Bidco Board (who have taken all reasonable care to ensure that such is the case), the information (including any expressions of opinion) contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

(c) The Blackstone Responsible Persons, whose names are set out in paragraph 2 of this Part 7 (*Additional Information*), accept responsibility for the information contained in this document (including any expressions of opinion) relating to Blackstone, the Blackstone Funds, Bidco, the Wider Bidco Group, the Blackstone Responsible Persons, and the Bidco Board, and their respective immediate families and the related trusts of, and persons connected with, the Bidco Board, and the persons (other than the Hipgnosis Directors) deemed to be acting in concert (as such term is defined in the Takeover Code) with Bidco. To the best of the knowledge and belief of the Blackstone Responsible Persons (who have taken all reasonable care to ensure that such is the case), the information (including any expressions of opinion) contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of that information.

## 2 HIPGNOSIS DIRECTORS AND BIDCO BOARD

(a) The Hipgnosis Directors and their respective functions are:

| | |
|---|---|
| Robert Naylor | *Independent Non-Executive Chairman* |
| Simon Holden | *Independent Non-Executive Director* |
| Francis Keeling | *Independent Non-Executive Director* |
| Christopher Mills | *Independent Non-Executive Director* |
| Cindy Rampersaud | *Independent Non-Executive Director* |

(b) The registered office of Hipgnosis, which is also the business address of each of the Hipgnosis Directors, is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY.

(c) The Bidco Board and their respective functions are:

| | |
|---|---|
| Qasim Syed Abbas | *Director* |
| Henry Hao Tian | *Director* |

(d) The registered office of Bidco and the business address of the Bidco Board is 40 Berkeley Square, London, United Kingdom, W1J 5AL.

(e) The Blackstone Responsible Persons and their respective positions are set out below:

| | |
|---|---|
| David Blitzer | *Global Head of Blackstone Tactical Opportunities* |
| Christopher James | *Chief Operating Officer, Blackstone Tactical Opportunities* |
| Lionel Assant | *Global Co-Chief Investment Officer, Blackstone* |
| Jasvinder Khaira | *Senior Managing Director, Blackstone Tactical Opportunities* |
| Qasim Abbas | *Senior Managing Director, Blackstone Tactical Opportunities* |

(f) The registered address of Blackstone and the business address of each of the Blackstone Responsible Persons is 345 Park Avenue, NY 10154, New York, USA.

## 3 DISCLOSURE OF INTERESTS AND DEALINGS

For the purposes of this paragraph 3:

**"acting in concert"** has the meaning given to it in the Takeover Code;

**"arrangement"** has the meaning given to it in Note 11 to the definition of "acting in concert" set out in the Takeover Code;

**"close relatives"** has the meaning given to it in the Takeover Code;

**"dealing"** has the meaning given to it in the Takeover Code;

**"derivative"** has the meaning given to it in the Takeover Code;

**"Disclosure Date"** means the close of business on 12 June 2024, being the latest practicable date prior to the publication of this document;

**"Disclosure Period"** means the period commencing on 18 April 2023, being the date 12 months before the commencement of the Concord Offer, and ending on the Disclosure Date;

**"Interested Persons"** means, in relation to a director, other persons (including, without limitation, bodies corporate) whose interests that director is taken as having by virtue of the application of Part 22 of the Companies Act;

**"relevant securities"** means: (i) the Hipgnosis Shares, (ii) the equity share capital of Bidco and (iii) securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to the Hipgnosis Shares and the equity share capital of Bidco (as appropriate); and "**relevant Hipgnosis securities**" and "**relevant Bidco securities**" shall be construed accordingly; and

**"short positions"** means short positions, whether conditional or absolute and whether in the money or otherwise, including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery.

**Interests in relevant Hipgnosis securities**

(a) At the close of business on the Disclosure Date, the Hipgnosis Directors (together with their Interested Persons) were interested in, or had a right to subscribe for, the following relevant Hipgnosis securities:

| *Name* | *Nature of interest or right* | *Number of relevant Hipgnosis Shares* | *Percentage of total issued share capital (excluding treasury shares) as at the Latest Practicable Date (%)* |
|---|---|---|---|
| Robert Naylor | Hipgnosis Shares | 100,000 | 0.008 |
| Simon Holden | Hipgnosis Shares | 150,796 | 0.012 |
| Francis Keeling | Hipgnosis Shares | 50,000 | 0.004 |
| Cindy Rampersaud | Hipgnosis Shares | 27,000 | 0.002 |
| Emilie Keeling | Hipgnosis Shares | 50,000 | 0.004 |

(b) At the close of business on the Disclosure Date, persons acting in concert with Hipgnosis were interested in, or had a right to subscribe for, the following relevant Hipgnosis securities:

| *Name of Hipgnosis Shareholder* | *Owner or controller of interest* | *Nature of interest or right* | *Number of relevant Hipgnosis Shares* |
|---|---|---|---|
| Hipgnosis Song Management Limited | Owner | Hipgnosis Shares | 353,500 |
| Merck Mercuriadis | Owner | Hipgnosis Shares | 94,614 |
| Amalea Melody Mercuriadis | Owner | Hipgnosis Shares | 7,309 |
| Georgia Rosa Mercuriadis | Owner | Hipgnosis Shares | 7,086 |
| Sofia Sunny Mercuriadis | Owner | Hipgnosis Shares | 7,169 |
| Ben Katovsky | Owner | Hipgnosis Shares | 22,883 |
| Abigail Katovsky | Owner | Hipgnosis Shares | 22,790 |
| Paul Myers | Owner | Hipgnosis Shares | 8,932 |

(c) At the close of business on the Disclosure Date, Bidco and persons acting in concert with Bidco, were interested in, or had a right to subscribe for, the following relevant Hipgnosis securities:

| *Name of Hipgnosis Shareholder* | *Owner or controller of interest* | *Nature of interest or right* | *Number of relevant Hipgnosis Shares* |
|---|---|---|---|
| N/A | N/A | N/A | N/A |

**Dealings in relevant Hipgnosis securities**

(d) During the Disclosure Period the Hipgnosis Directors (together with their Interested Persons) and other persons acting in concert with Hipgnosis dealt in the following relevant Hipgnosis securities:

| *Name* | *Transaction type* | *Number of relevant Hipgnosis securities* | *Dealing date* | *Price per relevant Hipgnosis security* |
|---|---|---|---|---|
| Robert Naylor | Purchase of Hipgnosis Shares | 100,000 | 16 November 2023 | 73.294p |
| Simon Holden | Purchase of Hipgnosis Shares | 50,000 | 16 November 2023 | 73.556p |
| Francis Keeling | Purchase of Hipgnosis Shares | 50,000 | 16 November 2023 | 73.497p |
| Emilie Keeling | Purchase of Hipgnosis Shares | 50,000 | 16 November 2023 | 73.497p |
| Cindy Rampersaud | Purchase of Hipgnosis Shares | 27,000 | 16 November 2023 | 73.426p |

(e) During the Disclosure Period the Bidco and other persons acting in concert with Bidco dealt in the following relevant Hipgnosis securities:

| *Name* | *Transaction type* | *Number of relevant Hipgnosis securities* | *Dealing date* | *Price per relevant Hipgnosis security* |
|---|---|---|---|---|
| N/A | N/A | N/A | N/A | N/A |

**General**

(f) Save as set out above, neither Bidco, the Bidco Board, any persons acting in concert with Bidco, nor any of the close relatives or related trusts or other Interested Persons of the Bidco Board are interested in, or have a right to subscribe for, or holds a short position in relation to, any relevant Hipgnosis securities, nor has any such person dealt in any relevant Hipgnosis securities during the Disclosure Period.

(g) No person with whom Bidco or any person acting in concert with Bidco has any arrangement (including any indemnity or option arrangement), agreement or understanding, formal or informal, of whatever nature, relating to relevant Hipgnosis securities which may be an inducement to deal or refrain from dealing, is interested in, or has a right to subscribe for, or holds a short position in relation to, any relevant Hipgnosis securities, nor has any such person dealt in any relevant Hipgnosis securities during the Disclosure Period.

(h) Neither Bidco nor any person acting in concert with Bidco has borrowed or lent any relevant Hipgnosis securities (save for any borrowed shares which have been either on-lent or sold).

(i) Neither Hipgnosis nor the Hipgnosis Directors nor their Interested Persons are interested in, or have a right to subscribe for, or holds a short position in relation to, any relevant Bidco securities, nor has any such person dealt in any relevant Bidco securities or any relevant Bidco securities during the Disclosure Period.

(j) Save as disclosed above, neither the Hipgnosis Directors nor their Interested Persons are interested in, or have a right to subscribe for, or holds a short position in relation to, any relevant Hipgnosis securities, nor has any such person dealt in any relevant Hipgnosis securities during the Disclosure Period.

(k) Save as disclosed above, no person acting in concert with Hipgnosis is interested in, or has a right to subscribe for, or holds a short position in relation to, relevant Hipgnosis securities, nor has any such person dealt in any relevant Hipgnosis securities during the Disclosure Period.

(l) No person with whom Hipgnosis or any person acting in concert with Hipgnosis, has any arrangement (including any indemnity or option arrangement), agreement or understanding, formal or informal, of whatever nature, relating to relevant Hipgnosis securities which may be an inducement to deal or refrain from dealing, dealt in any relevant Hipgnosis securities during the Disclosure Period.

(m) Neither Hipgnosis nor any person acting in concert with Hipgnosis has borrowed or lent any relevant Hipgnosis securities (save for any borrowed shares which have either been on-lent or sold).

## 4 IRREVOCABLE UNDERTAKINGS AND LETTERS OF INTENT

(a) Bidco or persons acting in concert with it have procured irrevocable undertakings from the Hipgnosis Directors to vote (or procure the voting, as applicable) in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting. Such irrevocable commitments are in respect of the following relevant Hipgnosis securities:

| *Name of Hipgnosis Director* | *Number of Hipgnosis Shares in respect of which undertaking is given* | *Percentage of Hipgnosis issued share capital (excluding treasury shares) in respect of which undertaking is given as at the Latest Practicable Date (%)* |
|---|---|---|
| Robert Naylor | 100,000 | 0.008 |
| Simon Holden | 150,796 | 0.012 |
| Francis Keeling | 50,000 | 0.004 |
| Cindy Rampersaud | 27,000 | 0.002 |

(b) These irrevocable undertakings concern 327,796 Hipgnosis Shares, representing approximately 0.027 per cent. of Hipgnosis' issued ordinary share capital at close of business on 12 June 2024 (being the Latest Practicable Date), excluding Hipgnosis Shares held as treasury shares.

(c) Bidco or persons acting in concert with it have procured irrevocable undertakings from certain Hipgnosis Shareholders (who are close relatives of certain of the Hipgnosis Directors) to vote (or procure the voting, as applicable) in favour of the Scheme at the Court Meeting and the Resolution to be proposed at the General Meeting. Such irrevocable commitments are in respect of the following relevant Hipgnosis securities:

| *Name of Hipgnosis Director* | *Number of Hipgnosis Shares in respect of which undertaking is given* | *Percentage of Hipgnosis issued share capital (excluding treasury shares) in respect of which undertaking is given as at the Latest Practicable Date (%)* |
|---|---|---|
| Emilie Keeling | 50,000 | 0.004 |

(d) These irrevocable undertakings concern 50,000 Hipgnosis Shares, representing approximately 0.004 per cent. of Hipgnosis' issued ordinary share capital at close of business on 12 June 2024 (being the Latest Practicable Date), excluding Hipgnosis Shares held as treasury shares.

(e) Bidco has, therefore, received irrevocable undertakings in respect of a total of 377,796 Hipgnosis Shares (representing approximately 0.031 per cent. of the existing issued ordinary share capital of Hipgnosis as at the Latest Practicable Date.

(f) These irrevocable undertakings remain binding in the event a higher competing offer is made for Hipgnosis and will only cease to be binding on the earlier occurrence of:

- this Scheme Document or, if the Acquisition is implemented by way of a Takeover Offer, the Offer Document (as applicable) is not sent to Hipgnosis Shareholders within the permitted period under the Takeover Code or as otherwise agreed with the Panel;
- the Scheme or the Resolution is not approved by the requisite majority of the Hipgnosis Shareholders at the General Meeting or the Court Meeting or the Takeover Offer is not accepted by Hipgnosis Shareholders holding Hipgnosis Shares carrying not less than 55 per cent. of the voting rights;
- the Scheme lapses or is withdrawn in accordance with its terms where:
  - (A) the Scheme has not been withdrawn or lapsed as a result of Bidco exercising its right to implement the Acquisition by way of a Takeover Offer in accordance with the Code rather than by way of a Scheme; and

(B) a new, revised or replacement Scheme or Takeover Offer is or has been announced in accordance with Rule 2.7 of the Code at the same time

- the Scheme has not become Effective by 11.59 p.m. on the Long Stop Date; or
- the date on which any competing offer for the entire issued and to be issued share capital of Hipgnosis is declared unconditional or, if implemented by way of a scheme of arrangement, becomes effective.

## 5 MARKET QUOTATIONS

The following table sets out the middle market quotations for Hipgnosis Shares derived from Bloomberg, for: (i) 17 April 2024 (the last Business Day before the commencement of the Offer Period), (ii) the Latest Practicable Date and (iii) the first Business Day for each of the six months immediately before the date of this Scheme Document:

| *Relevant date* | *Hipgnosis Share price (£)* |
|---|---|
| 2 January 2024 | 0.738 |
| 1 February 2024 | 0.670 |
| 1 March 2024 | 0.631 |
| 2 April 2024 | 0.674 |
| 17 April 2024 | 0.705 |
| 1 May 2024 | 1.048 |
| 3 June 2024 | 1.010 |
| Latest Practicable Date | 1.004 |

## 6 LETTERS OF APPOINTMENT OF HIPGNOSIS DIRECTORS

(a) Each of the non-executive directors of Hipgnosis has entered into a letter of appointment with Hipgnosis. The principal terms of these letters of appointment are as follows:

| *Name* | *Date of letters of appointment* | *Unexpired term remaining and unexpired term of annual renewal* | *Notice Period* | *Current fees (per annum) (£)* |
|---|---|---|---|---|
| Robert Naylor | 6 November 2023 | 2.5 years | 3 months | 95,000.00 |
| Christopher Mills | 15 December 2023 | 2.6 years | 3 months | 82,500.00 |
| Simon Holden | 27 June 2018 | 0.5 years | 3 months | 82,500.00 |
| Cindy Rampersaud | 1 August 2023 | 2.2 years | 3 months | 89,650.00 |
| Francis Keeling | 6 November 2023 | 2.5 years | 3 months | 82,500.00 |

(b) Save as set out in this paragraph 6:

(i) no Hipgnosis Director is entitled to commission or profit-sharing arrangements;

(ii) other than statutory compensation (if applicable), outstanding fees, expenses and any other emoluments due to the Hipgnosis Directors pursuant to their letters of appointment and payment in lieu of notice as set out in this paragraph 6, no other compensation is payable by Hipgnosis to any Hipgnosis Director upon early termination of their appointment; and

(iii) there are no service contracts or letters of appointment between any member of the Wider Hipgnosis Group and any Hipgnosis Director and no such agreement has been entered into or amended within six months preceding the date of this document.

(c) In addition to the current fees (per annum) that each of the Hipgnosis Directors is entitled to receive from Hipgnosis as set out in the table at paragraphs 6(a) and 6(b) above, pursuant to the terms of their respective letters of appointment, Hipgnosis has agreed to pay each of the Hipgnosis Directors additional fees of £250,000 each to reflect, amongst other things, the increased workload relating to the preparation of a response to Blackstone's approach and the Acquisition. The Hipgnosis Directors are also entitled to out-of-pocket expenses incurred in the proper performance of their duties.

## 7 MATERIAL CONTRACTS

### (a) Hipgnosis

Save as disclosed below, neither Hipgnosis nor any of its subsidiaries has, during the period beginning on 18 April 2022 (being two years before the commencement of the Offer Period) and ending on the Disclosure Date, entered into any material contract otherwise than in the ordinary course of business.

(i) ***Confidentiality Agreement***

See paragraph 11(a) below for details of the Confidentiality Agreement.

(ii) ***A&R Cooperation Agreement***

See paragraph 11(b) below for details of the A&R Cooperation Agreement.

(iii) ***Credit Agreement***

The Hipgnosis Group benefits from a $700 million revolving credit facility (the "**RCF**") pursuant to a revolving credit facility agreement dated 30 September 2022 (as amended from time to time) between, amongst others, Hipgnosis Holdings UK Limited (the "**Borrower**"), Hipgnosis as parent guarantor, various lenders including City National Bank, Trust Bank, MUFG Union Bank, N.A., Fifth Third Bank, National Association, Regions Bank, Pinnacle Bank, First-Citizens Bank & Trust Company, Comerica Bank, First Horizon Bank and Bank of Hope as Lenders, Wilmington Trust (London) Limited as English Security Agent and City National Bank as Administrative Agent (the "**RCF Agreement**"). As at the date of this Scheme Document, $582 million of the RCF has been drawn by way of cash loans.

Loans drawn under the RCF can either be borrowed on the basis of (A) an ABR Borrowing or (B) a Term SOFR Borrowing. Each loan comprising an ABR Borrowing incurs interest at a rate of the Alternate Base Rate (as defined in the RCF Agreement) and a margin of either 1.25 per cent. or 1.00 per cent. (as determined by reference to a margin ratchet). Each loan comprising a Term SOFR Borrowing incurs interest at a rate of the aggregate of Term SOFR and a margin of either 2.25 per cent. or 2.00 per cent. (again, as determined by reference to a margin ratchet).

The commitment fee for any undrawn amounts of the RCF is the rate per annum of 0.25 per cent. multiplied by the average undrawn amounts of the RCF during such period (with such commitment fees being paid quarterly).

The Borrower has the right to cancel the whole or part of the RCF by giving three Business Days' notice. There is no fee payable in connection with a prepayment. Unless previously terminated, the RCF shall terminate on 30 September 2027.

The RCF Agreement contains standard representations and warranties, undertakings and events of default as well as financial and general covenants which the Hipgnosis Group must observe.

The RCF Agreement is governed by the law of the State of New York. The Supreme Court of the State of New York sitting in the Borough of Manhattan and the United States District Court for the Southern District of New York sitting in the Borough of Manhattan (and any appellate court from thereof) have exclusive jurisdiction to settle any dispute arising from the RCF Agreement.

(iv) ***Guarantees and Security***

The RCF Agreement is jointly and severally guaranteed by certain members of the Hipgnosis Group. In addition, Hipgnosis and certain members of the Hipgnosis Group have granted security in favour of Wilmington Trust (London) Limited (as English security agent) and City National Bank (as administrative agent). The security package includes:

(A) an English law all assets debenture pursuant to which a series of fixed and floating charges are granted over all the assets of the relevant charging company;

(B) a State of New York governed US security and pledge agreement pursuant to which certain security interests are granted over all the assets of the relevant charging company;

(C) a State of New York governed copyright security agreement pursuant to which pledges and security are granted by certain members of the Hipgnosis Group over certain copyright registrations;

(D) a State of New York assignment agreement granted by Hipgnosis;

(E) Guernsey law security interest agreements relating to bank accounts with Barclays Bank plc in Guernsey held by certain members of the Hipgnosis Group; and

(F) an Irish law share charge granted by Hipgnosis in respect of the shares it owns in Blackrock ICS Sterling Liquidity Fund and Blackrock ICS US Dollar Liquidity Fund.

(v) ***Hedging***

The Borrower has entered into hedging agreements with certain of the lenders of the RCF. The hedging agreements are in the form of the ISDA 2002 Master Agreement.

(vi) ***Administration Agreements with Sacem and Peermusic***

Hipgnosis entered into a direct administration partnership dated 22 April 2022 with Société des Auteurs, Compositeurs et Editeurs de Musique (**Sacem**), a Collective Management Organisation (**Sacem Administration Agreement**), to collect digital rights for the writers' share and Hipgnosis' own publisher share, primarily in the UK and the European Union. In addition, Hipgnosis entered into a sub-publishing partnership with Peermusic (U.K.), Ltd (**Peermusic**) dated 27 May 2022 (as varied on 1 July 2022) to collect publishing rights and other royalties in the rest of the world excluding the US (**Peermusic Administration Agreement**). These partnerships eliminate a link in the royalty collection process, which materially reduces third party administration and collection fees, the length of time it takes to collect digital revenues and to expand its global publishing and synch footprint. Hipgnosis initially reverted 36 catalogues to these new partnerships, including Neil Young, Red Hot Chili Peppers, Chrissie Hynde and Jack Antonoff. Additional Catalogue administrations are transferred to these partners, where appropriate, as whose administration rights revert. It has been agreed by Hipgnosis and Peermusic that the automatic extension provision as set out in clause 2.01 of the Peermusic Administration Agreement shall be amended from six months to three months pursuant to a deed of variation between Hipgnosis SFH 1 Limited and Peermusic dated 23 April 2023 . The automatic extension provisions in the Sacem Administration Agreement remains at six months as set out in the definition of "Term" and clause 10.2 of that agreement.

(b) **Bidco and Wider Bidco Group**

Save as disclosed below, neither Bidco nor any other member of the Wider Bidco Group has, during the period beginning on 29 April 2022 (being two years before the commencement of the Offer Period) and ending on the Disclosure Date, entered into any material contract otherwise than in the ordinary course of business.

The following contracts, not being contracts entered into in the ordinary course of business, and which are or may be material, have been entered into by Bidco or Blackstone in the period beginning on 29 April 2022 and ending on the Disclosure Date.

(i) ***Confidentiality Agreement***

See paragraph 11(a) below for details of the Confidentiality Agreement.

(ii) ***Revised Offer Equity Commitment Letter***

In connection with their equity financing of Bidco, certain Blackstone Funds have each, on a several basis, entered into the Revised Offer Equity Commitment Letter, which sets out the basis on which the relevant Blackstone Funds will invest, directly or indirectly, in immediately available funds, their respective share of USD 1,584,070,714.66 in Bidco to enable Bidco to pay the consideration payable for the Scheme Shares. Pursuant to the terms of the Revised Offer Equity Commitment Letter, the relevant Blackstone Funds will procure that such investment has occurred on or before the date by which Bidco must pay the cash consideration due pursuant to the Scheme or Takeover Offer.

(iii) ***A&R Cooperation Agreement***

See paragraph 11(b) below for details of the A&R Cooperation Agreement.

## 8 CONCERT PARTIES

(a) In addition to the Bidco Board (together with their close relatives and related trusts) and members of the Wider Bidco Group, the persons who, for the purposes of the Takeover Code, is acting, or deemed to be acting, in concert with Bidco and Blackstone in respect of the Acquisition is:

| *Name* | *Registered office* | *Relationship with Bidco* |
|---|---|---|
| Jefferies International Limited | 100 Bishopsgate, London, England, EC2N 4JL | Connected Adviser |

(b) In addition to the Hipgnosis Directors (together with their close relatives and related trusts) and members of the Hipgnosis Group, the persons who, for the purposes of the Takeover Code, are acting, or are deemed to be acting, in concert with Hipgnosis in respect of the Acquisition are:

| *Name* | *Registered or principal office* | *Relationship with Hipgnosis* |
|---|---|---|
| Singer Capital Markets | 1 Bartholomew Lane, London EC2N 2AX | Financial adviser and Rule 3 adviser |
| The Investment Adviser | United House 9 Pembridge Road, Notting Hill, London, England W11 3JY | Investment adviser to Hipgnosis |

## 9 GOVERNING LAW

The Scheme shall be governed by and construed in accordance with Guernsey law. The Court shall have exclusive jurisdiction for determining any matter which may arise under or in connection with the Scheme.

## 10 POST-OFFER UNDERTAKINGS OR POST-OFFER INTENTION STATEMENTS

No statements in this document constitute “post-offer undertakings” for the purposes of Rule 19.5 of the Takeover Code.

## 11 OFFER-RELATED ARRANGEMENTS

(a) **Confidentiality Agreement**

On 11 April 2024, Blackstone, on behalf of Bidco, and Hipgnosis entered into a Confidentiality Agreement in relation to the Acquisition, pursuant to which, amongst other things, Blackstone, on behalf of Bidco has undertaken to: (i) subject to certain exceptions, keep information relating to Hipgnosis and the Acquisition confidential and not to disclose it to third parties; and (ii) use such confidential information only in connection with the Acquisition. These confidentiality obligations will remain in force until the earlier of: (i) the date on which Hipgnosis and Blackstone enter into any written and legally binding agreement or agreements in relation to the Acquisition; and (ii) 11 April 2026.

(b) **A&R Cooperation Agreement**

Pursuant to the A&R Cooperation Agreement, Bidco and Hipgnosis have, amongst other things, each agreed to cooperate in certain matters relating to obtaining regulatory clearances in relation to the Acquisition. In addition, Bidco may elect to implement the Acquisition by means of a Takeover Offer, in the event of which Bidco has agreed to certain provisions if the Scheme should switch to a Takeover Offer. The A&R Cooperation Agreement will terminate in certain circumstances, including if the Acquisition is withdrawn, terminated or lapses, a third party announces a possible or firm intention to make an offer for Hipgnosis which completes, becomes effective or becomes unconditional, or if prior to the Long Stop Date any Condition has been invoked by Bidco (with the consent of the Panel), if the Hipgnosis Directors withdraw their recommendation of the Acquisition or if completion of the Acquisition does not occur in accordance with its terms by the Long Stop Date or otherwise as agreed between Bidco and Hipgnosis. Pursuant to the terms of the A&R Cooperation Agreement, Bidco undertakes that it will inform Hipgnosis confirming if, to the extent permitted by the Panel, it intends to invoke or treat as unsatisfied or incapable of satisfaction one or more Conditions.

## 12 SOURCES AND BASES

(a) Unless otherwise stated, all financial information relating to Hipgnosis is prepared in accordance with IFRS and has been extracted or derived (without adjustment) from: (i) the audited financial statements of Hipgnosis for the period ended 31 March 2023, and (ii) the unaudited interim financial statements contained in the interim results of Hipgnosis for the period ended 30 September 2023.

(b) All Closing Prices for Hipgnosis Shares have been derived from Bloomberg as at the Latest Practicable Date, unless stated otherwise.

(c) Volume weighted average prices have been derived from Bloomberg as the Latest Practicable Date and have been rounded.

(d) As at the Latest Practicable Date, there were 1,209,214,286 Hipgnosis Shares in issue (excluding treasury shares) and a further 2,000,000 Hipgnosis Shares in issue which were held as treasury shares, all of which are credited as fully paid.

(e) As at the Latest Practicable Date, the number of Hipgnosis Shares eligible to vote on: (i) the Scheme at the Court Meeting is 1,209,214,286 Hipgnosis Shares (which excludes shares held as treasury shares and the Hipgnosis Shares owned by Bidco and persons who, for the purposes of the Takeover Code, are acting, or deemed to be acting, in concert with Bidco and Blackstone in respect of the Acquisition); and (ii) the Resolution at the General Meeting is 1,209,214,286 Hipgnosis Shares (which excludes shares held as treasury shares).

(f) Valuation information relating to Hipgnosis' portfolio of investments is from the valuation report produced by Shot Tower as set out in Schedule 1.

(g) For the purposes of Rule 29.1 of the Takeover Code, set out below is a reconciliation between the unaudited IFRS NAV as at 31 March 2024 and the unaudited Adjusted 31 March 2024 Operative NAV:

| *$'000 unless stated otherwise* | *Unaudited IFRS NAV as of 31 March 2024*[(1)] | *Adjustments for Operative NAV as per the Results to 31 March 2024*[(2)] | *Operative NAV as of 31 March 2024* |
|---|---|---|---|
| Catalogues of Songs | $1,715,640 | $298,707 | $2,014,724 |
| Other non-current assets | $946 | | $946 |
| Cash and cash equivalents | $62,015 | – | $62,015 |
| Other current assets | $130,557 | ($85,313) | $45,244 |
| Total liabilities | ($688,111) | $1,626 | ($686,485) |
| **Net assets** | $1,221,047 | | $1,436,444 |
| Total number of Ordinary Shares in issue (excluding treasury shares) ('000s) | 1,209,214 | | 1,209,214 |
| Net asset value per share ($) | $1.010 | | $1.188 |
| Net asset value per share (£)[(3)] | £0.800 | | £0.941 |

1. Reflects unaudited financials for the fiscal year ended 31 March 2024.
2. Represents adjustment to "Catalogues of Songs" fair value reflecting the excess of fair value as derived using the midpoint of the valuation range derived by Shot Tower Capital LLC as of 31 March 2024. The adjustment to "Other current assets" removes accrued revenue reflected on the 31 March 2024 balance sheet which are also reflected in the Shot Tower Capital LLC valuation. The adjustment to "Total liabilities" removes accrued royalty liabilities reflected on the 31 March 2024 balance sheet which are also reflected in the Shot Tower Capital LLC valuation.
3. Using the GBP:USD exchange rate of 1.2623 as of 29 March 2024.

## 13 GENERAL

(a) Save as otherwise disclosed elsewhere in this document, no agreement, arrangement or understanding (including any compensation arrangement) exists between Bidco or any party acting in concert with Bidco and any of the directors, recent directors, shareholders or recent shareholders of Hipgnosis or any person interested or recently interested in shares of Hipgnosis, having any connection with or dependence on the Acquisition.

(b) Save as disclosed in this document, no proposal exists in connection with the Acquisition that any payment or other benefit will be made or given to any of the Hipgnosis Directors as compensation for loss of office or as consideration for, or in connection with, their retirement from office.

(c) There is no agreement, arrangement or understanding under which any securities acquired pursuant to the Acquisition will be transferred to any other person, save that Bidco reserves the right to transfer any such securities to any other member of the Wider Bidco Group.

(d) Save for the irrevocable commitments described in paragraph 4 of Part 7 (*Additional Information*) of this document neither:

  (i) Bidco, nor any person acting in concert with Bidco; nor

  (ii) Hipgnosis, nor any person acting in concert with Hipgnosis,

has any arrangement (including any indemnity or option arrangement), agreement or understanding, formal or informal, of whatever nature relating to relevant Hipgnosis securities, which may be an inducement to deal or refrain from dealing, with any other person.

(e) There is no agreement to which Bidco is a party which relates to the circumstances in which it may, or may not, invoke a Condition to the Acquisition.

(f) The financial information on Bidco and Hipgnosis contained in this document does not constitute statutory accounts within the meaning of section 434 of the Companies Act.

(g) The aggregate fees and expenses expected to be incurred by Bidco in connection with the Acquisition are estimated to amount to $62.98 million plus applicable VAT and other taxes. The following are estimates expected to comprise the aggregate figure (in each case exclusive of VAT):

| | | |
|---|---|---|
| (i) | Financing fees | $36.82 million |
| (ii) | Financial and corporate broking advice | $15.49 million |
| (iii) | Legal advice(1) | $5.21 million |
| (iv) | Accounting advice | $3.48 million |
| (v) | Public relations advice(1) | $0.42 million |
| (vi) | Other professional services(1) | $0.61 million |
| (vii) | Other costs and expenses | $0.95 million |

(1) These services include services charged by reference to hourly or daily rates. The amounts included here reflect the services incurred up to the Latest Practicable Date and an estimate of the residual amount of time required until the Effective Date.

(h) The aggregate fees and expenses expected to be incurred by Hipgnosis in connection with the Acquisition are estimated to amount to $15.23(1) million plus applicable VAT and other taxes. The following are estimates expected to comprise the aggregate figure (in each case exclusive of VAT):

| | | |
|---|---|---|
| (i) | Financial and corporate broking advice | $7.11 million |
| (ii) | Legal advice(2) | $2.16 million |
| (iii) | Accounting advice(2) | $3.82 million |
| (iv) | Public relations advice | $0.23 million |
| (v) | Other professional services | $0.15 million |
| (vi) | Other costs and expenses | $1.76 million |

(1) The fees are set out in the table are on a converted basis based on the Latest Practicable Exchange Rate.

(2) Certain of these services are provided by reference to hourly or daily rates. Amounts included in the table above reflect the time incurred up to the Latest Practicable Date and an estimate of the further time required.

## 14 NOTES FOR MAKING CURRENCY ELECTIONS

This section should be read in conjunction with the rest of this document and the Form of Election (including the accompanying notes on how to complete the Form of Election). In particular, details of the Currency Conversion Facility are set out in paragraph 2 of Part 2 (*Explanatory Statement*) of this document.

### 14.1 Elections by Scheme Shareholders holding Scheme Shares in uncertificated form (that is, in CREST)

Any CREST personal member should refer to their CREST sponsor before taking any action. Their CREST sponsor will be able to confirm details of their participant ID and the member account ID under which their Scheme Shares are held. In addition, only their CREST sponsor will be able to send any TTE Instruction to Euroclear in relation to their Scheme Shares.

(a) ***Currency Elections***

Unless they elect otherwise, each Scheme Shareholder who holds Scheme Shares in uncertificated form (that is, in CREST) at the Scheme Record Time and does not make a valid Currency Election will receive the Cash Consideration which is payable to them under the Scheme in US Dollars. Such Scheme Shareholders may elect to have the Cash Consideration which is payable to them under the Scheme paid in GBP at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time the relevant payment date under the Currency Conversion Facility.

Any Scheme Shareholder who holds Scheme Shares in uncertificated form and wishes to make a Currency Election, must issue a TTE Instruction through CREST using the procedure described at in this paragraph 14.2 of this Part 7 (*Additional Information*).

Each Scheme Shareholder who holds Scheme Shares in uncertificated form and does not make a valid Currency Election must ensure that an active US Dollar cash memorandum account is in place in CREST by no later than the Scheme Record Time. In the absence of a US Dollar cash memorandum account, the payment of the Cash Consideration will not settle, resulting in a delay and the settlement of the Cash Consideration outside of CREST.

(b) ***TTE Instructions***

The Election Return Time will be determined by the date of the Court Hearing (currently expected to be 26 July 2024). An appropriate event is being set up by Euroclear in CREST and it is possible for TTE Instructions to be sent to Euroclear from the date of this Scheme Document until the Election Return Time. In order to make a Currency Election, CREST sponsors should send a TTE Instruction to Euroclear, which must be properly authenticated in accordance with Euroclear's specifications and which must contain, in addition to the other information that is required for a TTE Instruction to settle in CREST, the following details:

(i) the number of Hipgnosis Shares in respect of which the Currency Election is being made (such Hipgnosis Shares to be transferred to an escrow balance);

(ii) their member account ID;

(iii) their participant ID;

(iv) the participant ID of the escrow agent, the Registrar, in its capacity as a CREST Receiving Agent. This is 8RA12;

(v) the member account ID(s) of the escrow agent, the Registrar, in its capacity as a CREST Receiving Agent. This is HSFLBL01;

(vi) the ISIN of the relevant Hipgnosis Shares (this is "GG00BFYT9H72");

(vii) the intended settlement date (this should be as soon as possible and in any event by the Election Return Time);

(viii) the corporate action number for the transaction; this is allocated by Euroclear and can be found by viewing the relevant corporate action details on screen in CREST;

(ix) CREST standard delivery instructions priority of 80; and

(x) a contact name and telephone number (inserted in the shared note field of the TTE Instruction).

After making the TTE Instruction, the CREST sponsor will not be able to access the Hipgnosis Shares concerned in CREST for any transaction or for charging purposes. If the Scheme is implemented in accordance with its terms, the escrow agent will arrange for the cancellation of the Hipgnosis Shares in CREST. Hipgnosis Shareholders who hold Hipgnosis Shares in uncertificated form are recommended to refer to the CREST Manual published by Euroclear for further information on the CREST procedure outlined above.

Hipgnosis Shareholders should note that Euroclear does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE Instruction and its settlement. Hipgnosis Shareholders should therefore ensure that all necessary action is taken by them (or by their CREST sponsor) to enable a TTE Instruction relating to their Hipgnosis Shares to settle before the Election Return Time. In doing so, Hipgnosis Shareholders are referred in particular to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

TTE Instructions in relation to Currency Elections may only be made in relation to a specified number of Hipgnosis Shares. A Hipgnosis Shareholder may make a Currency Election in CREST in respect of all or part of their holding of Hipgnosis Shares in uncertificated form at the Scheme Record Time.

If Hipgnosis Shareholders hold Hipgnosis shares in both certificated and uncertificated form and wish to make a Currency Election in respect of both such holdings, a separate Currency Election must be made in respect of each holding.

14.2 **Elections by Scheme Shareholders holding Scheme Shares in certificated form**

Unless they validly elect otherwise, each Scheme Shareholder who holds Scheme Shares in certificated form as at the Scheme Record Time will receive the Cash Consideration which is payable to them under the Scheme in US Dollars. Such Scheme Shareholders may elect to have the Cash Consideration which is payable to them under the Scheme paid in GBP at the Average Market Exchange Rate obtained by Bidco through one or more market transactions over one or more Business Days following the Scheme Record Time before the relevant payment date under the Currency Conversion Facility.

Any Scheme Shareholder who holds Scheme Shares in certificated form and wishes to make a Currency Election must complete and sign page 3 of the Form of Election in accordance with the instructions printed thereon and return it to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH.

Any Scheme Shareholder who holds Scheme Shares in both certificated and uncertificated form and wishes to make a Currency Election in respect of both such holdings must make a separate election in respect of each holding.

The Form of Election assumes that a Scheme Shareholder who holds Scheme Shares in certificated form will make a Currency Election in respect of their entire holding of Scheme Shares in certificated form at the Scheme Record Time. Any Scheme Shareholder who holds Scheme Shares in certificated form and wishes to make a Currency Election in respect of some (but not all) of your Scheme Shares, please contact the Shareholder Helpline.

14.3 **Deadline for return of Form of Election and TTE Instructions**

**The latest time for the Registrar to receive your Form of Election will be 1.00 p.m. on the day of the Court Hearing (currently expected to be 26 July 2024).** Sufficient time should be allowed for posting for the Form of Election to be received.

**The latest time for receiving a TTE Instruction through CREST (applicable only for Scheme Shareholders who hold their Scheme Shares in uncertificated form and who wish to make an election under the Currency Conversion Facility) will be 1.00 p.m. (London time) on the day of the Court Hearing.**

14.4 **Withdrawals**

If any Scheme Shareholder has returned a Form of Election and subsequently wishes to withdraw or amend that Currency Election, they should contact the Registrar in writing to Computershare Investor Services PLC, Corporate Actions Projects, Bristol BS99 6AH by the Election Return Time, clearly specifying whether they would like to withdraw or amend the Currency Election and ensuring that the request contains an original Hipgnosis. Any written requests of this nature should be sent to the Registrar. It is at Registrar's absolute discretion to require the submission of a new Form of Election if an amendment is requested.

If you made a Currency Election for the Currency Conversion Facility through a TTE Instruction, you may withdraw your Currency Election through CREST by sending (or, if you are a CREST sponsored member, procuring that your CREST sponsor sends) an ESA instruction to settle in CREST by no later than the Election Return Time. Each ESA instruction must, in order for it to be valid and to settle, include the following details:

(i) the number of Scheme Shares to be withdrawn, together with their ISIN, which is "GG00BFYT9H72" ;

(ii) their member account ID;

(iii) their participant ID;

(iv) the participant ID of the escrow agent, the Registrar, in its capacity as a CREST Receiving Agent. This is 8RA12;

(v) the member account ID(s) of the escrow agent, the Registrar, in its capacity as a CREST Receiving Agent. This is HSFLBL01;

(vi) the CREST transaction ID of the Currency Election to be withdrawn;

(vii) the intended settlement date for the withdrawal;

(viii) the corporate action number for the transaction; this is allocated by Euroclear and can be found by viewing the relevant corporate action details on screen in CREST;

(ix) CREST standard delivery instructions priority of 80; and

(x) a contact name and telephone number (inserted in the shared note field of the TTE Instruction).

Any such withdrawal will be conditional upon the Registrar verifying that the withdrawal request is validly made. Accordingly, the Registrar will on behalf of Hipgnosis and Bidco reject or accept the withdrawal or amendment by transmitting in CREST a receiving agent reject (AEAD) or receiving agent accept (AEAN) message.

14.5 **Late or incomplete Currency Elections**

If any Form of Election or TTE Instruction is received after the Election Return Time, which is currently expected to be 1.00 p.m. (London time) on the day of the Court Hearing (or such later time (if any) to which the right to make a Currency Election may be extended), or such Form of Election or TTE Instruction is received before the relevant time and date but is not valid or complete in all respects at such time and date, such Currency Election or TTE Instruction (as applicable) shall for all purposes, subject to the following section, be void (unless Hipgnosis and Bidco, in their absolute discretion, determine to treat as valid, in whole or in part, any such Currency Election or TTE Instruction (as applicable)).

14.6 **General**

Bidco will announce the Average Market Exchange Rate that it obtains in accordance with the terms of the Scheme and the aggregate GBP amount payable to the Scheme Shareholders who have made a valid Currency Election.

No acknowledgements of receipt of any Form of Election, TTE Instruction or other documents will be given. All communications, notices, other documents and remittances to be delivered by or to or sent to or from Scheme Shareholders (or their designated agent(s)) or as otherwise directed will be delivered by or to or sent to or from such Scheme Shareholders (or their designated agent(s)) at their own risk.

Hipgnosis, Bidco and their respective agents reserve the right to notify any matter to all or any Scheme Shareholders with registered addresses outside the United Kingdom or to the nominees, trustees or custodians for such Scheme Shareholders by announcement in the United Kingdom or paid advertisement in any daily newspaper published and circulated in the United Kingdom or any part thereof, in which case such notice shall be deemed to have been sufficiently given notwithstanding any failure by any such Scheme Shareholders to receive or see such notice. All references in this Scheme Document to notice in writing, or the provision of information in writing, by or on behalf of Hipgnosis, Bidco and their respective agents shall be construed accordingly. No such document shall be sent to an address outside the United Kingdom where it would or might infringe the laws of that jurisdiction or would or might require Hipgnosis or Bidco to obtain any governmental or other consent or to effect any registration, filing or other formality with which, in the opinion of Hipgnosis or Bidco, it would be unable to comply or which it regards as unduly onerous.

The Form of Election, TTE Instructions and all Currency Elections thereunder, and all action taken or made pursuant to any of these terms, shall be governed by and interpreted in accordance with the laws of England and Wales and shall be subject to the jurisdiction of the English Courts.

Execution of a Form of Election and/or the submission of a TTE Instruction (as applicable) by, or on behalf of, a Scheme Shareholder will constitute such Scheme Shareholder's agreement that the English Courts are (subject to the section below) to have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with the creation, validity, effect, interpretation or performance of the Form of Election and/or TTE Instruction (as applicable), and for such purposes that such Scheme Shareholder irrevocably submits to the jurisdiction of the English Courts.

Execution of a Form of Election and/or the submission of a TTE Instruction (as applicable) by, or on behalf of, a Scheme Shareholder will constitute their agreement that the agreement in the section above is included for the benefit of Hipgnosis, Bidco and their respective agents and accordingly, notwithstanding the agreement in the section above, each of Hipgnosis, Bidco and their respective agents shall retain the right to, and may in its absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction and that the relevant Scheme Shareholder irrevocably submits to the jurisdiction of the courts of any such country.

If the Acquisition does not become Effective, any Currency Election made shall cease to be valid.

Neither Hipgnosis, Bidco nor any of their respective advisers or any person acting on behalf of any one of them shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of Currency Elections made under the Scheme on any of the bases set out in this section or otherwise in connection therewith.

## 15 TAXATION

**The following paragraphs provide summary information on taxation as a guide only and are not a substitute for professional tax advice. Any tax consequences of the Scheme for a Scheme Shareholder will depend on their particular circumstances. Any Hipgnosis Shareholders who are in any doubt about their tax position, or who are resident for tax purposes outside the UK or Guernsey, should contact an appropriate tax adviser.**

### (a) UK taxation

The comments set out below summarise certain limited aspects of the UK taxation treatment of certain Scheme Shareholders under the Scheme and do not purport to be a complete analysis of all tax considerations relating to the Scheme. They are based on current UK legislation as applied in England and Wales and what is understood to be current HM Revenue and Customs ("**HMRC**") practice (which may not be binding on HMRC), both of which are subject to change, possibly with retrospective effect. They are not, and should not be taken as being advice.

The comments are intended as a general guide and do not deal with certain categories of Hipgnosis Shareholder such as: persons subject to special tax regimes (such as collective investment schemes and persons subject to UK tax on the remittance basis) or able to benefit from specific reliefs or exemptions (such as charities); brokers, dealers in securities, intermediaries, insurance companies, trustees of certain trusts; persons holding their Hipgnosis Shares as part of hedging or commercial transactions; persons who have or could be treated for tax purposes as having acquired their Hipgnosis Shares in connection with a trade, profession or vocation carried out in the UK (whether through a branch or agency or otherwise), who are connected with Hipgnosis or who have or could be treated for tax purposes as having acquired their Hipgnosis Shares by reason of employment or as holding their Hipgnosis Shares as carried interest. Nothing in these paragraphs should be taken as providing personal tax advice. In particular, the following paragraphs do not refer to UK inheritance tax.

References in this paragraph 15(a) to **"UK Holder"** are to Scheme Shareholders who: (a) are resident for tax purposes in, and only in, the UK at all relevant times and, in the case of individuals, to whom "split year" treatment does not apply, and who are domiciled, or deemed domiciled, for tax purposes only in the UK; (b) hold their Scheme Shares as an investment (other than under a self-invested personal pension plan or individual savings account); and (c) are the absolute beneficial owners of their Scheme Shares.

***UK tax on chargeable gains***

The transfer of Scheme Shares to Bidco in exchange for Cash Consideration under the Scheme should be treated as a disposal of a UK Holder's Scheme Shares for the purposes of UK taxation of chargeable gains. Depending on a UK Holder's specific circumstances (including the UK Holder's base cost and the availability of any exemptions, reliefs and/or allowable losses), the disposal of the UK Holder's Scheme Shares may give rise to a liability to UK taxation on chargeable gains or an allowable capital loss.

(i) Subject to any available exemption or relief, chargeable gains made by a UK Holder who is an individual will generally be charged to capital gains tax at a rate of either 10 per cent. or 20 per cent., depending on the total amount of the individual's taxable income and chargeable gains for the tax year. The chargeable gains annual exempt amount (which is £3,000 for the tax year running from 6 April 2024 to 5 April 2025) may be available to any individual UK Holder to offset any chargeable gain (to the extent it is not otherwise utilised).

(ii) Subject to any available exemption or relief, chargeable gains of a UK Holder within the charge to UK corporation tax will be charged to corporation tax on chargeable gains at the applicable corporation tax rate. The main rate of corporation tax is 25 per cent. for the financial year running from 1 April 2024 to 31 March 2025.

***UK stamp duty and stamp duty reserve tax "SDRT")***

No UK stamp duty or SDRT should be payable by any Scheme Shareholder on the transfer of their Scheme Shares to Bidco.

(b) **Guernsey taxation**

The following paragraphs, which are intended as a general guide only, and do not constitute tax advice, are based on current Guernsey tax legislation and the published practice of the Director of the Revenue Service in Guernsey, which is subject to change (possibly with retroactive effect). They summarise certain limited aspects of the anticipated Guernsey tax treatment of the Acquisition and they relate only to the position of Scheme Shareholders who are the absolute beneficial owners of their Scheme Shares, who hold their Scheme Shares as an investment and who are resident in Guernsey for taxation purposes. They do not apply to certain classes of Scheme Shareholders, such as dealers in securities, insurance companies, collective investment schemes and Scheme Shareholders who have, or are deemed to have, acquired their Scheme Shares by reason of, or in connection with, an office or employment. If you are in any doubt as to your taxation position or if you are subject to tax in any jurisdiction other than Guernsey, you should consult an appropriate professional adviser immediately.

Guernsey currently does not levy taxes upon capital inheritances, capital gains, gifts, capital transfers, wealth, sales or turnover (unless the varying of investments and turning of such investments to account is a business or part of a business), nor are there any estate duties, save for registration fees and an ad valorem duty for a Guernsey grant of representation where the deceased dies leaving assets in Guernsey which require presentation of such a grant.

***Guernsey Resident Shareholders***

Cash Consideration received under the Scheme by Scheme Shareholders will be considered as part of the disposal of Scheme Shares and will not be taxable in Guernsey. Shareholders who are resident in Guernsey may be subject to Guernsey income tax on any dividends paid by Hipgnosis, depending on their own circumstances. No stamp duty or similar duty or tax will be payable in Guernsey by Scheme Shareholders resident in Guernsey as a result of approving the Scheme.

***Non-Guernsey Resident Shareholders***

Scheme Shareholders resident outside Guernsey will not be subject to any tax in Guernsey in respect of or in connection with the implementation of the Scheme, except where and to the extent that they have a permanent establishment in Guernsey to which the holding of Scheme Shares is attributable.

***Anti-Avoidance***

Guernsey has a wide-ranging anti-avoidance provision. This provision targets transactions where the effect of the transaction or series of transactions is the avoidance, reduction or deferral of a tax liability. On a discretionary basis, the Director of the Revenue Service in Guernsey will make such adjustments to the tax liability to counteract the effects of the avoidance, reduction or deferral of the tax liability.

## 16 FINANCING OF THE ACQUISITION

The Acquisition will be financed by an equity investment into Bidco from the Blackstone Funds.

Jefferies, as financial adviser to Blackstone and Bidco, is satisfied that sufficient resources are available to Bidco to enable it to satisfy in full the Cash Consideration payable to the Scheme Shareholders under the terms of the Acquisition.

## 17 VALUATION

(a) The valuation report for Hipgnosis' portfolio of investments (as at 31 March 2024) is set out in Schedule 1 of this document pursuant to Rule 29 of the Takeover Code.

(b) In the event that the music catalogues and other assets within Hipgnosis' portfolio were to be sold at the valuation contained in Shot Tower's valuation report set out in Schedule 1 of this document, any gains realised on such disposals would, in most circumstances, be subject to taxation. It is not expected that any aforementioned liability to taxation will crystallise as a result of the Acquisition itself.

## 18 NO SIGNIFICANT CHANGE

The Hipgnosis Directors are not aware of any significant change in the financial or trading position of Hipgnosis since 30 September 2023, being the date to which the Hipgnosis Group's latest unaudited interim financial statements were prepared.

## 19 CONSENT

Singer Capital Markets has given and not withdrawn its written consent to the issue of this Scheme Document with the inclusion of the references to its name and the advice it has given to Hipgnosis in the form and context in which they appear.

Jefferies has given and not withdrawn its written consent to the issue of this Scheme Document with the inclusion of its name and the references to them in the form and context in which they are included.

Shot Tower has given and not withdrawn its consent to the publication of its valuation report set out in Schedule 1 to this Scheme Document with the inclusion of the references to its name and, where applicable, the valuation report in the form and context in which it they are included.

## 20 DOCUMENTS AVAILABLE ON WEBSITE

Copies of the following documents will be made available on the following website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis* and Bidco's website at *https://www.announcement-documents.com/* during the period from the date on which this document is published up to and including the Effective Date (or the date on which the Scheme lapses or is withdrawn):

(a) this Scheme Document;

(b) the Forms of Proxy;

(c) any announcements issued by the Company in connection with the Scheme;

(d) the memorandum and Articles of Hipgnosis;

(e) the memorandum and articles of association of Bidco;

(f) a draft of the Amended Hipgnosis Articles;

(g) the published unaudited consolidated interim financial statements of Hipgnosis for the period ended 30 September 2023 as set out on pages 24 to 51 (inclusive) of Hipgnosis' Interim Financial Report for the period ended 30 September 2023. These interim financial statements have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;

(h) the published audited consolidated accounts of Hipgnosis for the financial year ended 31 March 2023 as set out on pages 122 to 162 (both inclusive) of Hipgnosis' Annual Report and Accounts 2023. These accounts have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;

(i) the published audited consolidated accounts of Hipgnosis for the financial year ended 31 March 2022 as set out on pages 126 to 163 (both inclusive) of Hipgnosis' Annual Report and Accounts 2021. These accounts have been incorporated into this document by reference to the above website in accordance with Rule 24.15 of the Takeover Code;

(j) the letters of consent referred to in paragraph 19 of Part 7 (*Additional Information*) of this document;

(k) the Confidentiality Agreement;

(l) the A&R Cooperation Agreement;

(m) the Revised Offer Equity Commitment Letter;

(n) the irrevocable undertakings and letters of intent referred to in paragraph 4 of Part 7 (*Additional Information*) of this document; and

(o) the Shot Tower valuation report set out in Schedule 1 of this document.

Except as otherwise expressly referred to in this document, neither the contents of these websites nor any website accessible from hyperlinks is incorporated into or forms part of this document.

## PART 8

## DEFINITIONS

The following definitions apply throughout this document (other than in those parts of this document containing separate definitions) unless the context otherwise requires.

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| **"2023 Hipgnosis Annual Report"** | the annual report and audited accounts of the Hipgnosis Group for the year ended 31 March 2023; |
| **"A&R Cooperation Agreement"** | the cooperation agreement dated 29 April 2024, as amended and restated on 9 May 2024 and as further amended and restated on 3 June 2024, between Bidco and Hipgnosis; |
| **"Acceptance Condition"** | should the Acquisition be implemented by means of a Takeover Offer, a condition requiring acceptances in respect of such number of Hipgnosis Shares as shall, when aggregated with Hipgnosis Shares acquired or unconditionally agreed to be acquired (whether pursuant to the Takeover Offer or otherwise) by Bidco, represent Hipgnosis Shares carrying not less than 55 per cent. of the voting rights then exercisable at a general meeting of Hipgnosis Shareholders (or such lower percentage as Bidco may decide), provided that Bidco shall hold or have acquired or agreed to acquire (whether pursuant to the Takeover Offer or otherwise) directly or indirectly, Hipgnosis Shares carrying in aggregate more than 50 per cent. of the voting rights then normally exercisable at a general meeting of Hipgnosis; |
| **"Acquisition"** | the proposed acquisition by Bidco of the entire issued and to be issued ordinary share capital of Hipgnosis, to be implemented by means of the Scheme (or by way of the Takeover Offer under certain circumstances described in this document), and, where the context admits, any subsequent revision, variation, extension or renewal thereof; |
| **"Adjusted 30 September 2023 Operative NAV"** | Hipgnosis' Operative NAV based on the Operative NAV as at 30 September 2023 of $2,102,906,000 adjusted for (i) the sale of the portfolio of non-core assets; (ii) the double counting of accrued revenue; and (iii) Shot Tower's valuation of the fair market value of the catalogues of songs as at 31 March 2024, as set out in Appendix 2 Paragraph 3; |
| **"Amended Hipgnosis Articles"** | the articles of incorporation of Hipgnosis, as amended to include provisions, in terms approved by Bidco, that avoid any person (other than Bidco or its nominee) remaining as a holder of Hipgnosis Shares after the Effective Date, such proposed amendment being set out in full in the notice of the General Meeting; |
| **"Announcement"** | the announcement made under Rule 2.7 of the Takeover Code on 29 April 2024 regarding the Initial Offer in respect of the Acquisition; |
| **"Announcement Exchange Rate"** | the £:$ exchange rate of £1:$1.2455 as at 16.30 London time on 26 April 2024 (being the last Business Day before the date of the Announcement) as derived from data provided by Daily Official List; |
| **"Articles"** | the articles of incorporation of Hipgnosis in force from time to time; |

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| **"associated undertaking"** | shall be construed in accordance with paragraph 19 of Schedule 6 to The Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410) but for this purpose ignoring paragraph 19(1)(b) of Schedule 6 to those regulations; |
| **"Average Market Exchange Rate"** | the average $:£ exchange rate to be calculated by dividing the total amount of US Dollars converted by Bidco pursuant to the Currency Conversion Facility by (the total amount of GBP received by Bidco pursuant to such currency conversion trades less any applicable and properly incurred transaction and dealing costs associated with such conversion); |
| **"Bidco"** | Lyra Bidco Limited; |
| **"Bidco Board"** | the directors of Bidco; |
| **"Bidco Group"** | Bidco and its parent undertakings and such parent undertakings' subsidiary undertakings and, where the context permits, each of them; |
| **"Blackstone"** | Blackstone Inc. (together with its affiliates); |
| **"Blackstone Funds"** | investment funds advised by affiliates of Blackstone; |
| **"Blackstone Responsible Persons"** | such persons as set out in paragraph 2(e) of Part A of Part 7 (*Additional Information*); |
| **"Business Day"** | a day (other than Saturdays, Sundays and public holidays in the UK or Guernsey) on which banks are generally open for normal business in the City of London and Guernsey; |
| **"Cash Consideration"** | the cash amount of US$1.31 per Scheme Share payable to Scheme Shareholders by Bidco under the Acquisition in respect of each Scheme Share, as may be adjusted in accordance with the terms of the Acquisition as set out in this document; |
| **"Clearances"** | all approvals, authorisations, grants, recognitions, consents, licences, clearances, certificates, permissions, confirmations, comfort letters and waivers that need to be obtained, and all filings that need to be made and all waiting periods that may need to have expired, from or under any of the laws, regulations or practices applied by, any Relevant Authority (or under any agreement or arrangements to which any Relevant Authority is a party), in each case that are necessary and/or (following consultation between the parties) expedient to satisfy the Conditions in paragraph 3 of Part A of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*); and any reference to any Clearance having been "**satisfied**" shall be construed as meaning that the foregoing has been obtained or, where relevant, made or expired; |
| **"certificated"** or **"in certificated form"** | in relation to a share or other security, a share or other security which is not in uncertificated form (that is not in CREST); |
| **"Closing Price"** | the closing middle market price of a Hipgnosis Share as derived from the Daily Official List on any particular date; |
| **"CMA"** | the Competition and Markets Authority; |
| **"Companies Act"** | the UK Companies Act 2006, as amended from time to time; |

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| **"Companies Law"** | the Companies (Guernsey) Law, 2008, as amended from time to time; |
| **"Concord"** | Concord Chorus Limited, an entity indirectly controlled by Alchemy Copyrights, LLC; |
| **"Concord Offer"** | the recommended cash offer to acquire the entire issued and to be issued share capital of Hipgnosis made by Concord on 18 April 2024; |
| **"Concord Offers"** | the Concord Offer and the Concord Revised Offer; |
| **"Concord Revised Offer"** | the increased recommended cash offer to acquire the entire issued and to be issued share capital of Hipgnosis made by Concord on 24 April 2024; |
| **"Conditions"** | the conditions of the Acquisition, as set out in Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document and "**Condition**" shall be construed accordingly; |
| **"Confidentiality Agreement"** | the confidentiality agreement dated 11 April 2024 between Blackstone Europe LLP and Hipgnosis; |
| **"Court"** | the Royal Court of Guernsey; |
| **"Court Hearing"** | the Court hearing at which Hipgnosis will seek an order sanctioning the Scheme for the purposes of section 110 of the Companies Law; |
| **"Court Meeting"** | the meeting of the Scheme Shareholders to be convened pursuant to an order of the Court pursuant to section 107 of the Companies Law, notice of which is set out in Part 9 (*Notice of the Court Meeting*) of this document, for the purpose of considering and, if thought fit, approving the Scheme (in its original form or with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Bidco and the Company), including any adjournment, postponement or reconvention of any such meeting; |
| **"Credit Agreement"** | the revolving credit agreement entered into between (1) Hipgnosis Holdings UK Limited as borrower; (2) a syndicate of lenders led by City National Bank; (3) City National Bank as administrative agent; (4) Regions Bank as documentation agent; (5) City National Bank, Truist Securities, Inc., MUFG Union Bank, N.A. and Fifth Third Bank, National Association as joint lead arrangers; and (6) Wilmington Trust (London) Limited as English security agent, as described in paragraph 7(a)(iii) of Part 7 (*Additional Information*) of this document; |
| **"CREST"** | the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by Euroclear, in accordance with the CREST Regulations; |
| **"CREST Manual"** | the CREST Manual published by Euroclear, as amended from time to time; |
| **"CREST Regulations"** | the Uncertificated Securities (Guernsey) Regulations, 2009, including: (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force; |
| **"Currency Conversion Facility"** | the facility under which a Scheme Shareholder may elect to receive the Cash Consideration in GBP; |

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| **"Currency Election"** | an election under the Currency Conversion Facility to receive the Cash Consideration in GBP instead of US Dollars which is made by Scheme Shareholders in accordance with the instructions set out in paragraph 14 of Part 7 (*Additional Information*) of this document; |
| **"Daily Official List"** | the daily official list of the London Stock Exchange; |
| **"Dealing Disclosure"** | an announcement pursuant to Rule 8 of the Takeover Code containing details of dealings in interests in relevant securities of a party to an offer; |
| **"Disclosed"** | the information fairly disclosed by or on behalf of Hipgnosis: (i) in the 2023 Hipgnosis Annual Report; (ii) in the Half Year Results for the six months period ended 30 September 2023; (iii) in this Scheme Document; (iv) in any other announcement to a Regulatory Information Service prior to the publication of this Scheme Document; and (v) in writing (including via the virtual data room operated by or on behalf of Hipgnosis in respect of the Acquisition) or orally in meetings and calls by Hipgnosis management prior to the date of the Announcement to Bidco or Bidco's officers or advisers (in their capacity as such); |
| **"Disclosure Guidance and Transparency Rules"** | the disclosure guidance and transparency rules made by the FCA under Part VI of FSMA; |
| **"Effective"** | in the context of the Acquisition:<br>(i) if the Acquisition is implemented by way of the Scheme, the Scheme having become effective in accordance with its terms upon the delivery of a copy of the Scheme Court Order to the Guernsey Registry; or<br>(ii) if Bidco elects to implement the Acquisition by way of a Takeover Offer, such Takeover Offer having been declared unconditional in all respects in accordance with the requirements of the Takeover Code; |
| **"Effective Date"** | the date on which the Scheme becomes Effective; |
| **"Election Return Time"** | 1.00 p.m. on the day of the Court Hearing (or such other time and/or date as may be announced by the Company (with the consent of Bidco) via a Regulatory Information Service (with such announcement being made available on Hipgnosis' website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis* and Bidco's website at *https://www.announcement-documents.com/*, and communicated to Hipgnosis Shareholders at around the same date as such announcement); |
| **"Enterprise Act"** | the Enterprise Act 2002; |
| **"Euroclear"** | Euroclear UK & International Limited, the operator of CREST; |
| **"European Union"** | the economic and political confederation of European nations which share a common foreign and security policy and co-operate on justice and home affairs known as the European Union; |
| **"Excluded Shares"** | any Hipgnosis Shares which are: (i) registered in the name of, or beneficially owned by, Bidco or any other member of the Wider Bidco Group or any of their respective nominees; or (ii) held as treasury shares, in each case at any relevant time; |

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| **"Explanatory Statement"** | the explanatory statement relating to the Scheme, as set out in Part 2 (*Explanatory Statement*) of this document, which together with the documents incorporated therein constitute the explanatory statement relating to the Scheme as required by section 108 of the Companies Law; |
| **"FCA"** or **"Financial Conduct Authority"** | the Financial Conduct Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA, or any successor regulatory body; |
| **"FCA Handbook"** | the FCA's Handbook of rules and guidance as amended from time to time; |
| **"Follow-on Announcement"** | in the event that there is a Scheme Lapse, the announcement that Bidco must immediately release of a firm intention to make the Follow-on Offer in accordance with Rule 2.7 of the Takeover Code; |
| **"Follow-on Offer"** | in the event that there is a Scheme Lapse, the new Takeover Offer that Bidco must make: (a) at the price of the Revised Offer at the time of the Scheme Lapse; and otherwise on the same terms and conditions as the Initial Offer, including an Acceptance Condition of 55 per cent.; |
| **"Form of Election"** | the form of election for use by Scheme Shareholders electing to receive the Cash Consideration in Sterling; |
| **"Forms of Proxy"** | the forms of proxy in connection with each of the Court Meeting and the General Meeting, which accompany this document; |
| **"FSMA"** | the Financial Services and Markets Act 2000, as amended from time to time; |
| **"General Meeting"** | the general meeting of Hipgnosis Shareholders (including any adjournment, postponement or reconvention thereof) to be convened in connection with the Scheme, by the notice which is set out in Part 10 (*Notice of the General Meeting*) of this document; |
| **"GFSC"** | the Guernsey Financial Services Commission; |
| **"Gross Asset Value"** | at any date, the aggregate of: (i) the value of all the investments of Hipgnosis as determined by the Hipgnosis Directors and calculated in the case of copyrights by reference to an independent valuer's determination of the appropriate current value for such copyrights, which is to be calculated in accordance with Hipgnosis' latest published valuation methodology, among other things, as regards the fair market value of the copyrights; and (ii) the amount which, in accordance with Hipgnosis' latest published valuation methodology, fairly reflects the value of all other assets of Hipgnosis; |
| **"Guernsey"** | the Island of Guernsey; |
| **"Guernsey Registry"** | the body authorised by the States of Guernsey to maintain various registers as required under Guernsey legislation and operating under the name Guernsey Registry; |
| **"Hipgnosis"** or **"the Company"** | Hipgnosis Songs Fund Limited, a non-cellular company incorporated under the laws of Guernsey with registration number 65158 and which has its registered office at P.O. Box 286, Floor 2, Trafalgar Court, Les Banques, St. Peter Port, Guernsey GY1 4LY; |

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| **"Hipgnosis Directors"** or **"Hipgnosis Board"** | the directors of Hipgnosis at the date of this document or, where the context so requires, the directors of Hipgnosis from time to time; |
| **"Hipgnosis Group"** | Hipgnosis and its subsidiaries and subsidiary undertakings from time to time and, where the context permits, each of them; |
| **"Hipgnosis Shareholders"** | holders of Hipgnosis Shares at any relevant date or time and a "**Hipgnosis Shareholder**" shall mean any one of the Hipgnosis Shareholders; |
| **"Hipgnosis Shares"** | the existing issued and fully paid ordinary shares of no-par value in the share capital of Hipgnosis and any further such ordinary shares which are issued before the Scheme becomes Effective, each being a "**Hipgnosis Share**"; |
| **"holder"** | a registered holder, including any person entitled by transmission; |
| **"HSG"** | Hipgnosis Songs Group LLC; |
| **"HSM** or **Investment Adviser"** | Hipgnosis Song Management Limited; |
| **"HSR Act"** | the United States Hart-Scott-Rodino Antitrust Improvements Act of 1976 (as amended); |
| **"IFRS"** | the International Financial Reporting Standards; |
| **"Initial Offer"** | the offer announced on 29 April 2024 by the Hipgnosis Board and Bidco Board for the recommended cash acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of Hipgnosis at US$1.30 per Hipgnosis Share; |
| **"ISIN"** | International Securities Identification Number; |
| **"Jefferies"** | Jefferies International Limited; |
| **"Latest Practicable Date"** | 12 June 2024 (being the latest practicable date prior to the publication of this document); |
| **"Latest Practicable Date Exchange Rate"** | the £:$ exchange rate of £1:$1.284 as at 4.30 p.m. London time on the Latest Practicable Date as derived from the Daily Official List; |
| **"Listing Rules"** | the rules and regulations published by the FCA under FSMA and contained in the publication of the same name, as amended from time to time; |
| **"London Stock Exchange"** | London Stock Exchange Group plc; |
| **"Long Stop Date"** | 5 November 2024 or such later date (if any) as Bidco and Hipgnosis may (with the consent of the Panel) agree and (if required) that the Court may allow; |
| **"Main Market"** | the London Stock Exchange's main market for listed securities; |
| **"Market Abuse Regulation"** | the UK version of EU Regulation No. 596/2014, which has effect in English law by virtue of the European Union (Withdrawal) Act 2018, as amended by the Market Abuse (Amendment) (EU Exit) Regulations 2019; |
| **"Meetings"** | the Court Meeting and the General Meeting, and "**Meeting**" means either of them; |

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| **“Offer Document”** | should the Acquisition be implemented by means of a Takeover Offer, including the Follow-on Offer, the document to be sent to Hipgnosis Shareholders which will contain, amongst other things, the terms and conditions of the Offer; |
| **“Offer Period”** | the offer period (as defined in the Takeover Code) relating to Hipgnosis which commenced on 18 April 2024; |
| **“Official List”** | the Official List of the FCA; |
| **“Opening Position Disclosure”** | an announcement pursuant to Rule 8 of the Takeover Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to the Acquisition; |
| **“Operative NAV”** | at any date, the Gross Asset Value less the amount which (to the extent not otherwise deducted in the calculation of Gross Asset Value), in accordance with Hipgnosis’ latest published valuation methodology, fairly reflects the amount of the liabilities and expense of Hipgnosis; |
| **“Operative NAV per Hipgnosis Share”** | the Operative NAV divided by the number of Hipgnosis Shares in issue at the time of calculation; |
| **“Overseas Shareholders”** | Hipgnosis Shareholders (or nominees of, or custodians or trustees for Hipgnosis Shareholders) not resident in, or nationals or citizens of, the United Kingdom or Guernsey; |
| **“Panel”** | the UK Panel on Takeovers and Mergers; |
| **“POI Law”** | The Protection of Investors (Bailiwick of Guernsey) Law, 2020, as amended from time to time; |
| **“Register”** | the register of members of the Company kept and maintained on behalf of the Company by the Registrar in Guernsey; |
| **“Registrar”** | Computershare Investor Services (Guernsey) Limited; |
| **“Regulations”** | the Uncertificated Securities (Guernsey) Regulations, 2009 (SI 2009 No. 48), including: (i) any enactment or subordinate legislation which amends or supersedes those regulations; and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force; |
| **“Regulatory Conditions”** | the conditions set out in paragraph 3 of Part 4 (*Conditions to and Further Terms of the Scheme and the Acquisition*) of this document; |
| **“Regulatory Information Service”** | any information service approved by the London Stock Exchange for the distribution to the public of announcements and included within the list maintained on the London Stock Exchange’s web; |
| **“Relevant Authority”** | any merger control authority, any court or competition, antitrust, national, supranational or supervisory body, central bank, government or governmental, quasi-governmental or statutory, regulatory environmental, investigative body or trade agency, association, association or institution, in each case in any jurisdiction, and including, for the avoidance of doubt, the UK Competition and Markets Authority, the United States Department of Justice, the United States Federal Trade Commission and the Panel, and “**Relevant Authorities**” means all of them; |

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| **"relevant securities"** | means: (i) the Hipgnosis Shares, (ii) the equity share capital of Bidco and (iii) securities convertible into, rights to subscribe for, options (including traded options) in respect of and derivatives referenced to the Hipgnosis Shares and the equity share capital of Bidco (as appropriate); |
| **"Resolution"** | the special resolution proposed to be passed at the General Meeting in connection with the amendment of the Articles and such other matters as may be necessary to implement the Scheme; |
| **"Restricted Jurisdiction"** | any jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Scheme is sent or made available to Hipgnosis Shareholders in that jurisdiction; |
| **"Revised Offer"** | the offer announced on 3 June 2024 by the Hipgnosis Board and Bidco Board for the increased and revised recommended cash acquisition by Bidco of the entire issued, and to be issued, ordinary share capital of Hipgnosis at US$1.31 per Hipgnosis Share; |
| **"Revised Offer Announcement"** | the announcement made under Rule 2.7 of the Takeover Code on 3 June 2024 regarding the Revised Offer in respect of the Acquisition; |
| **"Revised Offer Equity Commitment Letter"** | an equity commitment letter in respect of the Revised Offer from certain Blackstone Funds addressed to Bidco, dated 3 June 2024; |
| **"RCIS Rules"** | the Registered Collective Investment Scheme Rules and Guidance, 2021; |
| **"Scheme"** or **"Scheme of Arrangement"** | the proposed scheme of arrangement under Part VIII of the Companies Law between Hipgnosis and Scheme Shareholders in connection with the Acquisition, with or subject to any modification, addition or condition approved or imposed by the Court and agreed by Hipgnosis and Bidco; |
| **"Scheme Court Order"** | the order of the Court sanctioning the Scheme; |
| **"Scheme Document"** or **"this document"** | this document; |
| **"Scheme Lapse"** | each of: (a) the Scheme in respect of the Revised Offer being treated as having "lapsed", that is, if it is withdrawn or fails to become Effective; or (b) the Panel being satisfied that there is a reasonable likelihood that the Scheme will be withdrawn or fail to become Effective, in each case for a reason or reasons which, in the opinion of the Panel, would not have caused the Initial Offer to lapse; |
| **"Scheme Record Time"** | 6.00 p.m. London time on the day of the Court Hearing or such later time as Bidco and Hipgnosis may agree; |
| **"Scheme Shareholders"** | holders of Scheme Shares at any relevant date or time and a "**Scheme Shareholder**" shall mean any one of the Scheme Shareholders; |
| **"Scheme Shares"** | all Hipgnosis Shares which are:<br>(a) in issue as at the date of this document and which remain in issue at the Scheme Record Time;<br>(b) (if any) issued after the date of this document, but at or before the Scheme Voting Record Time and which remain in issue at the Scheme Record Time; and<br>(c) (if any) issued after the Scheme Voting Record Time but at or before the Scheme Record Time, either on terms that the |

original or any subsequent holders thereof shall be bound by the Scheme, or in respect of which the original or any subsequent holders thereof are, or shall have agreed in writing to be, bound by the Scheme and which remain in issue at the Scheme Record Time,

but in each case other than any Excluded Shares;

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| **"Scheme Voting Record Time"** | 6.00 p.m. London time on the day two calendar days before the date of the Court Meeting or the General Meeting (as the case may be) or the date of or any adjournment or postponement of the relevant meeting (as the case may be); |
| **"Shot Tower"** | Shot Tower Capital LLC, valuer and strategic adviser to Hipgnosis; |
| **"Singer Capital Markets"** | Singer Capital Markets Advisory LLP, Rule 3 adviser, financial adviser and corporate broker to Hipgnosis; |
| **"Takeover Code"** | the City Code on Takeovers and Mergers; |
| **"Takeover Offer"** | if the Acquisition is implemented by way of a takeover offer (which shall be an offer for the purposes of section 337 of the Companies Law), the offer to be made by or on behalf of Bidco to acquire the entire issued and to be issued ordinary share capital of Hipgnosis including, where the context admits, any subsequent revision, variation, extension or renewal of such offer; |
| **"TTE Instruction"** | Transfer to Escrow (as defined in the CREST Manual); |
| **"uncertificated"** or **in "uncertificated form"** | in relation to a share or other security, a share or other security the title to which is recorded as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; |
| **"United Kingdom"** or **"UK"** | the United Kingdom of Great Britain and Northern Ireland; |
| **"United States** or **US"** | United States of America, its territories and possessions, all areas subject to its jurisdiction or any subdivision thereof any state of the United States and the District of Columbia; |
| **"US Exchange Act"** | the United States Securities Exchange Act of 1933, as amended, and the rules and regulations promulgated thereunder; |
| **"Wider Bidco Group"** | Bidco Group and associated undertakings and any other body corporate, partnership, joint venture or person in which Bidco and such undertakings (aggregating their interests) have an interest of more than 30 per cent. of the voting or equity capital or the equivalent; and |
| **"Wider Hipgnosis Group"** | Hipgnosis and associated undertakings and any other body corporate, partnership, joint venture or person in which Hipgnosis and such undertakings (aggregating their interests) have an interest of more than 30 per cent. of the voting or equity capital or the equivalent (excluding, for the avoidance of doubt, Bidco and all of its associated undertakings which are not members of the Hipgnosis Group). |

In this document, the following terms have the meaning given to them in the Takeover Code: "**acting in concert**", "**connected adviser**", "**dealing**" (and "**dealt**" shall be construed accordingly), "**derivative**", "**exempt fund manager**", "**exempt principal trader**", "**interests in securities**" (and reference to a person having an interest in securities shall be construed accordingly).

# PART 9

# NOTICE OF COURT MEETING

## IN THE ROYAL COURT OF GUERNSEY

## IN THE MATTER OF HIPGNOSIS SONGS FUND LIMITED

(a non-cellular company limited by shares incorporated in Guernsey with registration number 65158)

**– and –**

## IN THE MATTER OF PART VIII OF THE COMPANIES (GUERNSEY) LAW, 2008 (AS AMENDED)

NOTICE IS HEREBY GIVEN that by an order dated 13 June 2024 made under section 107 of the Companies (Guernsey) Law, 2008 (as amended) (the "**Companies Law**") in the above matter (the "**Order**"), the Royal Court of Guernsey (the "**Court**") has directed a meeting (the "**Court Meeting**") to be convened of the Scheme Shareholders (as defined in the Scheme of Arrangement referred to below) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the "**Scheme of Arrangement**") pursuant to Part VIII of the Companies Law proposed to be made between Hipgnosis Songs Fund Limited (the "**Company**" or "**Hipgnosis**") and the Scheme Shareholders and that such meeting will be held at Shoosmiths LLP, 1 Bow Churchyard, London EC4M 9DQ on 8 July 2024 at 10.00 a.m. London time at which place and time all Scheme Shareholders are requested to attend.

A copy of the Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to Part VIII of the Companies Law are incorporated in the Scheme Document of which this Notice forms part. Capitalised terms used but not defined in this Notice shall have the meaning given to them in the Scheme Document (unless otherwise stated).

At the Court Meeting, the following resolution will be proposed:

*"That the Scheme of Arrangement between the Company and the Scheme Shareholders, a print of which has been produced to this meeting and, for the purposes of identification signed by the Chairman hereof, in its original form or with or subject to any modification, addition or condition approved or imposed by the Court, and agreed by the Company and Bidco, be approved."*

Voting on the resolution to approve the Scheme of Arrangement will be by poll, which will be conducted as the chairman of the Court Meeting or the Registrar may determine.

**Instructions for all Scheme Shareholders**

**Scheme Shareholders entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend, speak and vote in their place. A blue Form of Proxy for use at the Court Meeting is enclosed with this Notice and is also available on the following website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis*. Scheme Shareholders who hold their shares in CREST may alternatively complete CREST proxy instructions in accordance with the procedures described in the CREST Manual, which can be viewed at *www.EuroClear.com/CREST*.**

**Completion and return of the blue Form of Proxy or the appointment of a proxy through CREST will not prevent a Scheme Shareholder from attending, speaking at and voting in person at the Court Meeting, or any adjournment(s) thereof, if that Scheme Shareholder so wishes and is so entitled.**

Scheme Shareholders are entitled to appoint a proxy in respect of some or all of their Scheme Shares and may also appoint more than one proxy, PROVIDED THAT each proxy is appointed to exercise the rights attached to a different share or shares held by such holder. Scheme Shareholders who wish to appoint more than one proxy in respect of their holding of Scheme Shares should contact the Registrars for further Forms of Proxy. Alternatively, you may photocopy the blue Form of Proxy that has been sent to you or download a copy of the blue Form of Proxy from *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis*.

It is requested that blue Forms of Proxy (and any power of attorney or any other authority under which the same are signed) be lodged with the Registrar at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY and CREST proxy instructions be submitted, in each case no less than 48 hours (excluding any days which are not Business Days) before the time appointed for the Court Meeting or any adjournment thereof. Blue Forms of Proxy not so lodged may be handed to the Chairman of the Court Meeting or emailed to and received by the Registrar at externalproxyqueries@computershare.co.uk before the start of the Court Meeting and will still be valid.

In the case of joint holders of the Scheme Shares, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.

As an alternative to appointing a proxy, any Scheme Shareholder which is a corporation may vote by a corporate representative duly appointed in accordance with the Articles.

Entitlement to attend, speak and vote at the Court Meeting, or any adjournment thereof, and the number of votes which may be cast thereat will be determined by reference to the Register as at 6.00 p.m. (London time) on the day which is two calendar days before the date of the Court Meeting or adjourned meeting (as the case may be). In each case, changes to the Register after such time will be disregarded for the purposes of determining entitlement to attend, speak and vote.

Voting at the Court Meeting will be conducted on a poll rather than a show of hands.

By the said Order, the Court has appointed Robert Naylor or, failing him, Francis Keeling or, failing him, any other director of the Company to act as chairman of the Court Meeting and has directed the Chairman to report the result of the Court Meeting to the Court.

The Scheme of Arrangement will be subject to the subsequent sanction of the Court.

*By Order of the Board of the Company*

Ocorian Administration (Guernsey) Limited
Company Secretary

*Registered Office:*

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

Dated 14 June 2024

## NOTES TO THE NOTICE OF COURT MEETING

1 The resolution in this notice of the Court Meeting will be taken on a poll.

2 A Scheme Shareholder entitled to attend and vote at the Court Meeting is entitled to appoint a proxy or proxies to attend and vote, instead of them, in respect of some or all of their Scheme Shares. If a Scheme Shareholder appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different Scheme Shares. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a Scheme Shareholder from attending and voting at the Court Meeting should they subsequently decide to do so. Any power of attorney or any other authority under which your proxy form is signed (or a duly certified copy of such power or authority) must be included with your Form of Proxy. A space has been included on the Form of Proxy to allow the Scheme Shareholder to specify the number of Scheme Shares in respect of which that proxy is appointed. The principles applied to multiple proxy voting instructions are detailed in paragraph 4 below.

3 A blue Form of Proxy is enclosed with this notice and has been made available on the following website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis*. Instructions for use are shown on the form.

4 If you wish to appoint more than one proxy in respect of your shareholding, please contact the Registrars for further blue Forms of Proxy. Alternatively, you may photocopy the blue Form of Proxy that has been sent to you or download a copy of the blue Form of Proxy from *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis*. You may appoint more than one proxy in relation to the Court Meeting, PROVIDED THAT each proxy is appointed to exercise the rights attaching to a different Scheme Share or Scheme Shares held by you. The following principles will apply in relation to the appointment of multiple proxies (assuming each such appointment is valid):

(a) The Company will give effect to the intention of Scheme Shareholders and include votes wherever and to the fullest extent possible.

(b) Where a proxy does not state the number of Scheme Shares to which it applies (a "**blank proxy**") then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of Scheme Shares registered in the name of the appointing Scheme Shareholder (the "**member's entire holding**"). In the event of a conflict between a blank Form of Proxy and a Form of Proxy which does state the number of Scheme Shares to which it applies (a "**specific proxy**"), the specific proxy shall be counted first, regardless of the time it was delivered or received (on the basis that, as far as possible, the conflicting Forms of Proxy should be judged to be in respect of different Scheme Shares) and the remaining Scheme Shares will be apportioned to the blank proxy (*pro rata* if there is more than one).

(c) Where there is more than one proxy appointed and the total number of Scheme Shares in respect of which proxies are appointed is no greater than the Scheme Shareholder's entire holding, it is assumed that proxies are appointed in relation to different Scheme Shares, rather than that conflicting appointments have been made in relation to the same Scheme Shares. That is, there is only assumed to be a conflict where the aggregate number of Scheme Shares in respect of which proxies have been appointed exceeds the Scheme Shareholder's entire holding.

(d) When considering conflicting proxies, later proxies will prevail over earlier proxies and a later proxy will be determined on the basis of which proxy is last delivered or received.

(e) If conflicting proxies are delivered or received at the same time in respect of (or deemed to be in respect of) an entire holding and if Hipgnosis is unable to determine which was delivered or received last, none of them will be treated as valid.

(f) Where the aggregate number of Scheme Shares in respect of which proxies are appointed exceeds a Scheme Shareholder's entire holding, all appointments will be rendered invalid.

(g) If a Scheme Shareholder appoints a proxy or proxies and then decides to attend the Court Meeting in person and votes using their poll card (as applicable), then the vote in person will override the proxy vote(s). If the vote in person is in respect of the member's entire holding then all proxy votes will be disregarded. If, however, the Scheme Shareholder votes at the Court

Meeting in respect of less than the Scheme Shareholder's entire holding then, if the Scheme Shareholder indicates on their poll card that all proxies are to be disregarded, that shall be the case; but if the Scheme Shareholder does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the Scheme Shareholder's entire holding.

(h) In relation to the preceding paragraph, in the event that a Scheme Shareholder does not specifically revoke proxies, it will not be possible for Hipgnosis to determine the intentions of the Scheme Shareholder in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.

(i) If you wish to revoke your proxy after you have delivered it, you may do this by: (a) attending the Court Meeting and voting in person if you were a Scheme Shareholder at the Scheme Voting Record Time; (b) signing a blue Form of Proxy bearing a later date which is received no later than the applicable deadline for delivery of the Forms of Proxy as noted above; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to Hipgnosis' registered office at PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey GY1 4LY, as soon as possible such that your written statement is received no later than the applicable deadline for delivery of the Forms of Proxy as noted above.

5 To be valid, the blue Form of Proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received at the offices of the Registrar at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours (excluding any days which are not Business Days) before the time of holding the Court Meeting or, as the case may be, the adjourned Court Meeting. If the blue Form of Proxy for use at the Court Meeting is not lodged by 10.00 a.m. London time on 4 July 2024, it may be handed to the chairman of the Court Meeting or emailed to and received by the Registrar at externalproxyqueries@computershare.co.uk before the start of the Court Meeting and will still be valid. Completion and return of a blue Form of Proxy will not prevent a Scheme Shareholder from attending, speaking at and voting in person at the Court Meeting, or any adjournment(s) thereof, if they so wish and are so entitled.

6 In the case of a Scheme Shareholder which is a company, your Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney or other person duly authorised for the company.

7 Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations, 2009, the Company specifies that only those Scheme Shareholders on the Register at 6.00 p.m. (London time) on the day which is two calendar days before the Court Meeting shall be entitled to attend or vote at the Court Meeting in respect of the number of Scheme Shares registered in their name at that time. Changes to the Register after that time will be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

8 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

9 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Registrar (whose CREST ID is 3RA50) by the specified latest time(s) for receipt of proxy appointments. 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 Application Host) from which the Company agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

10 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations, 2009.

11 As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and following the instructions therein. Full details of the procedures are given on that website and your Control Number, Shareholder Reference Number ("**SRN**") and PIN can be found on the Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by the Registrar not later than 48 hours (excluding any days which are not Business Days) before the time fixed for the relevant Meeting or any adjournment or postponement thereof. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

12 In the case of joint holders of Scheme Shares, the vote of the senior shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.

13 Any corporation which is a Scheme Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Scheme Shareholder PROVIDED THAT they do not do so in relation to the same Scheme Shares.

14 As at 12 June 2024 (being the latest practicable date prior to the date of this notice of the Court Meeting), the Company's issued share capital (excluding treasury shares) consisted of 1,209,214,286 Hipgnosis Shares, carrying one vote each, none of which were Excluded Shares. Additionally, as at that date, 2,000,000 Hipgnosis Shares were held as treasury shares. Therefore, the total voting rights in the Company as at 12 June 2024 for the purposes of the Court Meeting were 1,209,214,286 votes.

15 Any Scheme Shareholder attending the Court Meeting has the right to ask questions. The Company has to answer any questions raised by Scheme Shareholders at the Court Meeting which relate to the business being dealt with at the Court Meeting unless:

(a) to do so would interfere unduly with the preparation for the Court Meeting or involve the disclosure of confidential information;

(b) the answer has already been given on a website in the form of an answer to a question; or

(c) it is undesirable in the interests of the Company or the good order of the Court Meeting to answer the question.

16 To allow effective constitution of the Court Meeting, if it is apparent to the Chairman that no Scheme Shareholders will be present in person or by proxy, other than the Chairman or by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any Scheme Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

# PART 10

# NOTICE OF GENERAL MEETING

## HIPGNOSIS SONGS FUND LIMITED

(a non-cellular company limited by shares incorporated in Guernsey with registration number 65158)

Notice is hereby given that a general meeting (the "**General Meeting**") of Hipgnosis Songs Fund Limited (the "**Company**") will be held at Shoosmiths LLP, 1 Bow Churchyard, London EC4M 9DQ

on 8 July 2024 at 10.15 a.m. London time (or as soon thereafter as the Court Meeting (as defined in the Scheme Document referred to below) shall have been concluded, adjourned or postponed) for the purpose of considering and, if thought fit, passing the following resolution as a special resolution. Capitalised terms in this Notice shall, unless defined herein, have the same meanings as defined in the Scheme Document of which this Notice forms part.

**SPECIAL RESOLUTION**

THAT for the purpose of giving effect to the scheme of arrangement dated 14 June 2024 (the "**Scheme**") proposed to be made between the Company and the Scheme Shareholders (as defined in the Scheme), a print of which has been produced to the General Meeting and (for the purpose of identification only) signed by the chairman of the General Meeting, in its original form or with or subject to any modification, addition, or condition agreed by the Company and Lyra Bidco Limited ("**Bidco**") and approved or imposed by the Royal Court of Guernsey:

(a) the directors of the Company (or a duly authorised committee thereof) be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect; and

(b) with effect from the passing of this resolution, the articles of incorporation of the Company be and are hereby amended by including the following new article as Article 42:

**"42 Scheme of Arrangement**

42.1 ***In this Article 42, references to:***

(a) the "**Scheme**" are to the scheme of arrangement dated 14 June 2024 under Part VIII of the Companies Law, between the Company and the Scheme Shareholders (as defined in the Scheme) (in its original form or with or subject to any modification, addition or condition approved or imposed by the Royal Court of Guernsey (the "**Court**") and agreed by the Company and Bidco), as it may be modified or amended in accordance with its terms; and

(b) "**Bidco**" means Lyra Bidco Limited,

and save as defined in this Article 42, expressions defined in the Scheme shall have the same meanings in this Article 42.

42.2 Notwithstanding any other provision of these Articles or any resolution passed by the Company in any general meeting, and subject to the Scheme becoming Effective, if the Company issues or transfers out of treasury any ordinary shares (other than to Bidco, any subsidiary of Bidco, any parent undertaking of Bidco, any subsidiary of such parent undertaking or any nominee(s) of such persons each a "**Bidco Company**") on or after the date of the adoption of this Article 42 and on or prior to the Scheme Record Time, such shares shall be issued subject to the terms of the Scheme (and shall be Scheme Shares for the purposes thereof) and the original or any subsequent holder or holders of such shares (other than any Bidco Company) shall be bound by the Scheme accordingly.

42.3 Notwithstanding any other provision of these Articles or any resolution passed by the Company in any general meeting, the Company is prohibited from issuing or transferring out of treasury any shares between the Scheme Record Time and the Effective Date.

42.4 Notwithstanding any other provision of these Articles or any resolution passed by the Company in any general meeting and subject to the Scheme becoming Effective, if the Company issues or transfers out of treasury any ordinary shares to any person (other than a Bidco Company) (a "**New Member**") or any ordinary shares are registered in the name of a person (other than a Bidco Company) of such persons as a result of a rectification order of the Court (a "**Rectification Member**") at or after the Scheme Record Time, such ordinary shares (the "**Disposal Shares**") shall be immediately transferred to Bidco (or to such person as Bidco may otherwise direct) (the "**Purchaser**") free of all Encumbrances, who shall be obliged to acquire all of the Disposal Shares. The consideration payable by the Purchaser for each Disposal Share transferred to it (subject as hereinafter provided) will be equal to the cash consideration per Scheme Share payable pursuant to the Scheme. For these purposes, "**Encumbrances**" means all liens, equities, charges, encumbrances, options, rights of pre-emption and any other third-party rights and interests of any nature whatsoever.

42.5 On any reorganisation of, or material alteration to, the share capital of the Company (including, without limitation, any subdivision and/or consolidation) effected after the Scheme Record Time, the value of the consideration per share to be paid under Article 42.4 shall be adjusted by the Directors in such manner as the auditors of the Company may determine to be appropriate to reflect such reorganisation or alteration. References in this Article to shares shall, following such adjustment, be construed accordingly.

42.6 To give effect to any transfer of Disposal Shares required by this Article 42, the Company may appoint any person as attorney or agent (on the basis that any such appointment shall be irrevocable for a period of two months from the date upon which the relevant New Member or Rectification Member is issued or registered as the holder of the Disposal Shares for that New Member or Rectification Member) for the New Member or Rectification Member (or any subsequent holder or any nominee of such New Member or Rectification Member or any such subsequent holder) to transfer the Disposal Shares to the Purchaser and/or its nominee(s) and do all such other things and execute and deliver all such documents or deeds as may in the opinion of the attorney or agent be necessary or desirable to vest the Disposal Shares in the Purchaser or its nominee(s) and pending such vesting to exercise all such rights attaching to the Disposal Shares as the Purchaser may direct. If an attorney or agent is so appointed, the New Member or Rectification Member (or any subsequent holder or any nominee of such New Member or Rectification Member or any such subsequent holder) shall not thereafter (except to the extent that the attorney or agent fails to act in accordance with the directions of the Purchaser) be entitled to exercise any rights attaching to the Disposal Shares unless so agreed in writing by the Purchaser. The attorney or agent shall be empowered to execute and deliver as transferor a form or forms of transfer or other instrument(s) or instruction(s) of transfer on behalf of the New Member or Rectification Member (or any subsequent holder or any nominee of such New Member or Rectification Member or any such subsequent holder) in favour of the Purchaser and/or its nominee(s) and the Company may register the Purchaser and/or its nominee(s) as holder thereof and issue to it certificates for the same. The Company shall not be obliged to issue a certificate to the New Member or Rectification Member (or any subsequent holder or any nominee of such New Member or Rectification Member or any such subsequent holder) for the Disposal Shares. The Purchaser shall send a cheque drawn on a UK clearing bank in favour of the New Member (or any subsequent holder or any nominee of such New Member or Rectification Member or any such subsequent holder), or by an alternative method communicated by the Purchaser to the New Member or Rectification Member (or any subsequent holder or any nominee of such New Member or Rectification Member or any such subsequent holder) for the purchase price of each Disposal Share (as adjusted pursuant to Article 42.4, if applicable) within 14 days of the date on which such Disposal Shares are issued to the New Member or registered in the name of the Rectification Member.

42.7 Notwithstanding any other provision of these Articles or any resolution passed by the Company in any general meeting, neither the Company nor the Directors shall register the transfer of any Scheme Shares between the Scheme Record Time and the Effective Date other than to the Purchaser pursuant to the Scheme.

42.8 Notwithstanding any other provision of these Articles or any resolution passed by the Company in any general meeting, the Directors may refuse to register the transfer of any shares other than as provided by this Article 42.

42.9 If the Scheme shall not have become Effective by the Long Stop Date of the Scheme, this Article 42 shall be of no effect."

*By Order of the Board of the Company*

Ocorian Administration (Guernsey) Limited
Company Secretary

*Registered Office:*

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

## NOTES TO THE NOTICE OF GENERAL MEETING

1 The resolution in this notice of the General Meeting will be taken on a poll.

2 A Hipgnosis Shareholder entitled to attend and vote at the above General Meeting is entitled to appoint a proxy or proxies to attend and vote, instead of them, in respect of some or all of their Hipgnosis Shares. If a Hipgnosis Shareholder appoints more than one proxy, each proxy must be entitled to exercise the rights attached to different Hipgnosis Shares. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a Hipgnosis Shareholder from attending and voting at the General Meeting should they subsequently decide to do so. Any power of attorney or any other authority under which a Form of Proxy is signed (or a duly certified copy of such power or authority) must be included with the Form of Proxy. A space has been included on the Form of Proxy to allow the Hipgnosis Shareholder to specify the number of Hipgnosis Shares in respect of which that proxy is appointed. The principles applied to multiple proxy voting instructions are detailed in paragraph 4 below.

3 A white Form of Proxy is enclosed with this notice and has been made available on the following website at *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis*. Instructions for use are shown on the Form of Proxy.

4 If you wish to appoint more than one proxy, please contact the Registrars for further white Forms of Proxy. Alternatively, you may photocopy the white Form of Proxy that has been sent to you or download a copy of the white Form of Proxy from *https://communications.singercm.com/p/4UWI-EVY/blackstone-recommended-offer-hipgnosis*. You may appoint more than one proxy in relation to the General Meeting, PROVIDED THAT each proxy is appointed to exercise the rights attaching to a different Hipgnosis Share held by you. The following principles will apply in relation to the appointment of multiple proxies (assuming each such appointment is valid):

(a) The Company will give effect to the intention of Hipgnosis Shareholders and include votes wherever and to the fullest extent possible.

(b) Where a proxy does not state the number of Hipgnosis Shares to which it applies (a "**blank proxy**") then, subject to the following principles where more than one proxy is appointed, that proxy is deemed to have been appointed in relation to the total number of Hipgnosis Shares registered in the name of the appointing Hipgnosis Shareholder (the "**member's entire holding**"). In the event of a conflict between a blank proxy and a Form of Proxy which does state the number of Hipgnosis Shares to which it applies (a "**specific proxy**"), the specific proxy shall be counted first, regardless of the time it was delivered or received (on the basis that, as far as possible, the conflicting Forms of Proxy should be judged to be in respect of different Hipgnosis Shares) and the remaining Hipgnosis Shares will be apportioned to the blank proxy (*pro rata* if there is more than one).

(c) Where there is more than one proxy appointed and the total number of Hipgnosis Shares in respect of which proxies are appointed is no greater than the Hipgnosis Shareholder's entire holding, it is assumed that proxies are appointed in relation to different Hipgnosis Shares, rather than that conflicting appointments have been made in relation to the same Hipgnosis Shares. That is, there is only assumed to be a conflict where the aggregate number of Hipgnosis Shares in respect of which proxies have been appointed exceeds the Hipgnosis Shareholder's entire holding.

(d) When considering conflicting proxies, later proxies will prevail over earlier proxies and a later proxy will be determined on the basis of which proxy is last delivered or received.

(e) If conflicting proxies are delivered or received at the same time in respect of (or deemed to be in respect of) an entire holding and if the Company is unable to determine which was delivered or received last, none of them will be treated as valid.

(f) Where the aggregate number of Hipgnosis Shares in respect of which proxies are appointed exceeds a Hipgnosis Shareholder's entire holding, all appointments will be rendered invalid.

(g) If a Hipgnosis Shareholder appoints a proxy or proxies and then decides to attend the General Meeting in person and votes using their poll card (as applicable), then the vote in person will override the proxy vote(s). If the vote in person is in respect of the Hipgnosis Shareholder's entire holding then all proxy votes will be disregarded. If, however, the Hipgnosis Shareholder votes at the General Meeting in respect of less than the Hipgnosis Shareholder's entire holding then, if the Hipgnosis Shareholder indicates on their poll card that all proxies are to be disregarded, that shall be the case; but if the Hipgnosis Shareholder does not specifically revoke proxies, then the vote in person will be treated in the same way as if it were the last received proxy and earlier proxies will only be disregarded to the extent that to count them would result in the number of votes being cast exceeding the Hipgnosis Shareholder's entire holding.

(h) In relation to the preceding paragraph, in the event that a Hipgnosis Shareholder does not specifically revoke proxies, it will not be possible for the Company to determine the intentions of the Hipgnosis Shareholder in this regard. However, in light of the aim to include votes wherever and to the fullest extent possible, it will be assumed that earlier proxies should continue to apply to the fullest extent possible.

(i) If you wish to revoke your proxy after you have delivered it, you may do this by: (a) attending the General Meeting and voting in person; (b) signing a white Form of Proxy bearing a later date which is received no later than the applicable deadline for delivery of the Forms of Proxy as noted above; (c) signing a written statement which indicates, clearly, that you want to revoke your proxy and delivering this signed written statement to the Company's registered office at Ground Floor, Dorey Court, Admiral Park, St Peter Port, Guernsey, Channel Islands, GY1 2HT, as soon as possible such that your written statement is received no later than the applicable deadline for delivery of the Forms of Proxy as noted above.

5 The "Vote Withheld" option is provided to enable you to abstain on the Resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" the Resolution.

6 To be valid, the white Form of Proxy, together with any power of attorney or other authority under which it is signed, or a duly certified copy thereof, must be received at the offices of the Registrar at Computershare Investor Services (Guernsey) Limited, c/o The Pavilions, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours (excluding any days which are not Business Days) before the time of holding the General Meeting or, as the case may be, at any adjournment thereof. If the white Form of Proxy is not returned by the relevant time, it will be invalid. Completion and return of a white Form of Proxy will not prevent a Hipgnosis Shareholder from attending, speaking at and voting in person at the General Meeting, or any adjournment(s) thereof, if they so wish and are so entitled.

7 In the case of a Hipgnosis Shareholder which is a company, the Form of Proxy must be executed under its common seal or signed on its behalf by a duly authorised officer of the company or an attorney or other person duly authorised for the company.

8 Pursuant to Regulation 41 of the Uncertificated Securities (Guernsey) Regulations, 2009, the Company specifies that only those Hipgnosis Shareholders on the Register at 6.00 p.m. (London time) on the day which is two calendar days before the General Meeting shall be entitled to attend or vote at the General Meeting in respect of the number of Hipgnosis Shares registered in their name at that time. Changes to the Register after that time will be disregarded in determining the rights of any person to attend or vote at the General Meeting.

9 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take appropriate action on their behalf.

10 In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be transmitted so as to be received by the Registrar (whose CREST ID is 3RA50) by the specified latest time(s) for receipt of proxy appointments. 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 Application Host) from which the Company agent is able to retrieve the message by enquiry to CREST in the manner prescribed.

11 The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 34 of the Uncertificated Securities (Guernsey) Regulations, 2009.

12 As an alternative to completing and returning the printed Forms of Proxy, proxies may be appointed electronically by logging on to the following website: www.investorcentre.co.uk/eproxy and following the instructions therein. Full details of the procedures are given on that website and your Control Number, Shareholder Reference Number ("**SRN**") and PIN can be found on the Forms of Proxy. For an electronic proxy appointment to be valid, the appointment must be received by the Registrar not later than 48 hours (excluding any days which are not Business Days) before the time fixed for the relevant Meeting or any adjournment or postponement thereof. Full details of the procedure to be followed to appoint a proxy electronically are given on the website.

13 In the case of joint holders of Hipgnosis Shares, the vote of the senior shareholder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.

14 Any corporation which is a Hipgnosis Shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a Hipgnosis Shareholder PROVIDED THAT they do not do so in relation to the same Hipgnosis Shares.

15 As at 12 June 2024 (being the latest practicable date prior to the date of this notice of the General Meeting), the Company's issued share capital consisted of 1,211,214,286 Hipgnosis Shares, carrying one vote each. Of these, 2,000,000 Hipgnosis shares were held as treasury shares. Therefore, the total voting rights in the Company as at 12 June 2024 for the purposes of the General Meeting were 1,209,214,286.

16 Any Hipgnosis Shareholder attending the General Meeting has the right to ask questions. The Company has to answer any questions raised by Hipgnosis Shareholders at the General Meeting which relate to the business being dealt with at the General Meeting unless:

(a) to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;

(b) the answer has already been given on a website in the form of an answer to a question; or

(c) it is undesirable in the interests of the Company or the good order of the General Meeting to answer the question.

17 To allow effective constitution of the General Meeting, if it is apparent to the Chairman that no Hipgnosis Shareholders will be present in person or by proxy, other than the Chairman or by proxy in the Chairman's favour, then the Chairman may appoint a substitute to act as proxy in his stead for any Hipgnosis Shareholder, provided that such substitute proxy shall vote on the same basis as the Chairman.

# SCHEDULE 1

# VALUATION REPORT

# Valuation Report:

# Prepared for Hipgnosis Songs Fund Limited

Non-Reliance Statement:

*Unless you are the Client named in this report, Shot Tower Capital LLC does not owe or assume any duty of care to any reader in respect of the contents of this report or its conclusions, and you should not rely upon it.*

Shot Tower Capital LLC
One Village Square
Suite 157
Baltimore, MD 21210

June 12, 2024

Board of Directors (the "Board")
Hipgnosis Songs Fund Limited
PO Box 286
Floor Two
Trafalgar Court
Les Banques
St Peter Port
Guernsey GY1 4LY

Gentlepersons:

## 1. Our Instructions

1.1 The Board of Hipgnosis Songs Fund Limited (the "Fund") has retained Shot Tower Capital LLC ("Shot Tower," "we," or "us") to value the Fund's music intellectual property assets (the "Hipgnosis Catalog" or the "Catalog"). The date of the valuation contained in this summary report is as of March 31, 2024.

1.2 Based on a review of additional royalty and financial information provided to us on June 6, 2024, we have verified that there have been no material changes since March 31, 2024, and to the extent the valuation was delivered as of the date hereof, there would be no material differences in our conclusions.

1.3 Our client (the "Client") for the purposes of this Summary Valuation Report is the Fund, which shall be entitled to rely on it subject to the terms of the Engagement Letter dated April 17, 2024.

## 2. Purpose of the Valuation

2.1 This Summary Valuation Report is provided solely for the purposes of fulfilling the requirements of Rule 29 of the City Code on Takeovers and Mergers (the "Code"), and may be included in an announcement under Rule 2.7 of the Code, as well as in any document or disclosure that may be issued by the Client in connection with a possible offer for the Client, including the Scheme of Arrangement document, in accordance with the Code (including on the Client's website or any other website required in accordance with the Code), provided that the Client will be responsible for all public disclosures and communications.

2.2 This Summary Valuation Report is to be relied upon only by the Client and may not be used or relied upon for any other purpose without our prior written consent.

## 3. Standard and Basis of Value

3.1 Our valuation was conducted based on standards consistent with the Uniform Standards of Professional Appraisal Practice ("USPAP").

3.2 We have valued the Hipgnosis Catalog on the basis of fair market value consistent with both IFRS 13 and comparable standards of value as defined by the American Institute of Certified Public Accountants and as promulgated by the U.S. Internal Revenue Service.

On this basis, our preliminary fair market value conclusions represent the expected price achievable on a sale of the Catalog in an open market transaction between a willing buyer and willing seller, using assumptions that market participants would use in pricing the Catalog with reasonable knowledge of the relevant facts, without regard to an entity's intent to hold an asset and with neither party being required to act ("Fair Market Value").[1]

## 4. Valuation Conclusions

4.1 Based on our analysis and subject to the assumptions and limitations set forth herein, we are of the opinion that the fair market value of the Hipgnosis Catalog in U.S. dollars is <u>$1,890,455,524</u> to <u>$2,138,993,051</u> with a midpoint valuation of <u>$2,014,724,288</u>.

4.1.1 The valuation represents a range of 15.3x – 17.3x trailing twelve-month Retained Net Revenue[2] as of September 30, 2023 (the most recent period for which complete source royalty statements are available) with a midpoint multiple of 16.3x.

4.1.2 As described in Section 6 below, the valuation methodologies applied to derive our valuation included: (i) a sum of the parts DCF valuation of each catalog acquired by the Fund; (ii) a strategic investor returns analysis; (iii) a levered investor returns analysis; and (iv) a market multiple approach.

4.1.3 The discount rate for the full Hipgnosis Catalog valuation at the midpoint valuation is 9.25%.

4.1.4 The weighted average terminal exit multiple is 15.62x and the weighted average perpetuity growth rate is 2.22%, both at the midpoint valuation.

4.1.5 The valuation conclusion reflected in paragraph 4.1 has been reduced by $7.64 million to reflect an estimate of the cash required to acquire certain additional rights under a contractual obligation, which is not reflected in the Fund's unaudited financial statements as of March 31, 2024.

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[1] IRS publication 561, IRS Publication 526, IRS Rev. Proc. 96-15, etc.; IFRS 13; AICPA Standards for Valuation Services No.1 issued in June 2007.

[2] Net revenue after paying third-party royalty participants and the costs of administration, but without reduction for overhead and Fund operating costs. Multiple is calculated based on royalty statements as of September 30, 2023, which reflects the most recent period for which complete statements are available from all sources.

# 5. The Fund and The Hipgnosis Catalog

## 5.1 History of the Fund

5.1.1 The Fund was founded and registered in Guernsey, U.K. in 2018. The Fund was first listed on the Main Market of the London Stock Exchange in July 2018. The Fund moved to the Premium Segment of the exchange in September 2019 and has been a constituent of the FTSE 250 since March 2020.

## 5.2 Catalog Overview and Company Structure

5.2.1 From 2018 - 2021, the Fund acquired 146 music catalogs (including, Big Deal Music, a business comprised of rights administration and artist and repertoire functions ("A&R")) through 105 separate acquisitions, closing its first acquisition on July 13, 2018 and its last on August 24, 2021. After the divestiture of select catalogs included in the Kobalt Fund 1 acquisition announced on December 11, 2023, the Hipgnosis Catalog is currently comprised of 138 individual catalogs and currently holds rights to copyright interests or passive royalty streams for ~40,000+ songs (post-divestitures), of which it currently administers ~6,500 through HSG (wholly owned by the Fund and f/k/a "Big Deal Music"), Peer Music, and SACEM.

5.2.2 The Catalog is primarily comprised of static rights (i.e., music that was created prior to Fund ownership) and principally includes a traditional English language Anglo-American repertoire; although through its acquisition of HSG in September 2020, the Fund maintains an in-house administration function and a very small frontline A&R or new music creation operation.

5.2.3 The Hipgnosis Catalog generates a significant portion of its revenue from rights that are fully passive income streams where the Fund has no copyright interest in the underlying song or ability to independently license, administer, or distribute the work.

5.2.4 <u>Exhibit A</u> includes information on the Hipgnosis Catalog provided in the previously disclosed March 28, 2024 Shot Tower report entitled *Hipgnosis Songs Fund Due Diligence Findings / Valuation Conclusions*.

# 6. Valuation Methodologies and Key Assumptions

## 6.1 Overview

6.1.1 This Section 6 and <u>Exhibit A</u> attached hereto, set forth the valuation methodologies and key assumptions applied in deriving the value of the Hipgnosis Catalog.

6.1.2 The core approach used to value music catalogs and royalty income streams is a discounted cash flow analysis ("DCF") under the Income Approach:

(a) In order to perform a DCF analysis, determination of future cash flows and the period they are to be received is paramount. The cash flow metric typically used to value music catalog assets is net publisher's share ("NPS") for income streams associated with music publishing compositions and net label share ("NLS") for income streams associated with recorded music sound recordings. Combined NPS and NLS is essentially equivalent to the Hipgnosis Catalog's Retained Net Revenue after paying amounts due to third-party royalty holders from gross royalties collected by the Fund and administration fees, but without reduction for overhead or Fund operating costs (i.e., Retained Net Revenue as defined in footnote 2);

(b) These projected future cash flows are discounted to present value using an assumed discount rate.

6.1.3 As the DCF valuation analysis is sensitive to the applied discount rate used to discount future cash flows to present value, Shot Tower also valued the Hipgnosis Catalog based on an analysis of target investor rates of return ("IRR") in an acquisition based on IRR hurdle rates currently targeted by strategic acquirors in the market ("Strategic IRR") and a second IRR analysis assuming a levered purchase based on current market assumptions for a securitized financing ("Levered IRR").

6.1.4 Finally, Shot Tower also valued the Catalog using the "Market Approach" based on internal and publicly available comparable data on recently closed transactions for catalogs comprising both music publishing and recorded music rights.

6.2 Financial Projections

6.2.1 We have not been provided with any guidance on future growth projections by the Investment Advisor other than the initial forecasts for each catalog made at the time of acquisition between 2018 and 2021. Shot Tower has constructed its own forecasts based on:

(a) Industry analysts' research estimates of music industry market growth;

(b) Our own internal benchmarking data;

(c) Discussions with music publishing industry executives of major music companies and large independents to gain a view on expected catalog growth from industry operators;

(d) A review of individual catalog performance both during and prior to the Fund's ownership.

6.2.2 In developing our individual catalog forecasts based on the considerations above, we considered actual historical performance on a catalog-by-catalog basis and adjusted the applied growth rates for catalog-specific reasons. Specific considerations included:

(a) **<u>Catalog Performance:</u>** Certain catalogs stream and synch differently than others. Consideration was paid to actual growth relative to our baseline industry projections. Additionally, there are instances where a catalog benefited from a recent remix or large synchronization license, which factored into our analysis of subsequent year growth in light of likely decay from the period benefiting from the uplift;

(b) **<u>Vintage:</u>** The Hipgnosis Catalog includes 29 individual catalogs with a weighted vintage of less than 10 years old, with 22 of these catalogs experiencing declining royalties in H1'2023 (the last semesterly period for which complete royalty statements are available), indicating that some level of decay should be expected to continue in the near-term for more contemporary compositions. For catalogs with vintages of less than 10 years, Shot Tower applied a decay curve based on each catalog's actual performance, as well as internal Shot Tower data;

(c) **<u>Income Disputes:</u>** There are currently a number of catalogs for which the Fund is not collecting all of the royalties it is entitled to collect due to disputes related to Letters of Direction ("LODs") and other matters. As some of the disputes have been unresolved for multiple years, we do not assume any uplift related to the reclamation/resumption of unpaid royalties (unless a known resolution is imminent);

(d) **<u>Return of Rights:</u>** The Fund contains 20 catalogs with varying levels of control returning to the Hipgnosis Catalog over time. The returning rights include both copyright interests and administration rights. In each applicable case, we have assumed an income uplift associated with the specific rights returning to the Fund. A significant level of the growth upside associated with the Catalog is related to the return of these rights, as the Catalog does not otherwise benefit from income generated from newly released songs/A&R;

(e) **<u>Terminations and Contractual Expirations:</u>** The potential for lost income streams and rights resulting from contractual expirations or terminations under the U.S. Copyright Act were valued separately and deducted from our conclusion of value for all methods other than the Market Approach;

(f) **<u>External Factors</u>**: We also considered external factors that could impact growth, including recent or upcoming tours for artists performing the works (e.g., Red Hot Chili Peppers on tour through mid-2024 and works written by Jack Antonoff performed by Taylor Swift on her tour).

6.3 Other Considerations

6.3.1 In undertaking our valuation of the Catalog, we also considered:

(a) The nature of the copyright interests and royalty income streams ("Music Rights") owned by the Fund and its subsidiaries comprising the Catalog;

(b) The extent to which the Fund owns a copyright interest, providing the Fund or its designee with control over licensing, administration, and distribution of the Music Rights;

(c) Whether income associated with the Music Rights is being paid through from third-party corporate sources (e.g., Sony Music, Warner Music, etc.) or whether the Fund continues to rely on an individual songwriter, artist, or producer to pay income streams through;

(d) The mix of royalty income and the growth associated with each income stream (e.g., streaming, mechanical, performance, writer's share of performance, synchronization, etc.);

(e) The duration of the Fund's right to collect royalty streams under the U.S. Copyright Act and/or applicable contracts defining the exploitation terms of certain Music Rights;

(f) The overall outlook for the music industry and music intellectual property royalties;

(g) The economic outlook in general, including the outlook for interest rates.

6.3.2 We have assumed no issues arise with respect to title of the Music Rights that diminish the potential to collect current levels of royalty income on any catalog in the future.

6.3.3 We have assumed that the Fund is able to continue to collect royalties directly from songwriters, artists, and producers in the absence of deposit collection accounts ("DACAs") controlled by the Fund for rights where the Fund cannot put Letters of Direction in place or otherwise collect directly from a source and/or DACAs are put in place prior to any sale of the Hipgnosis Catalog.

6.3.4 There are no material contingent or off-balance sheet assets or liabilities other than catalog bonuses, where applicable.

6.3.5 We also considered (i) the potential impact on U.S. publishing streaming royalties associated with changes in rates proscribed by the Copyright Royalty Board, as well as the impact of settlement monies expected to be received in calendar year 2024 associated with the adjustment of rates in prior periods; and (ii) bonus payments expected to be paid by Hipgnosis on certain of the music catalogs it acquired.

6.4 Updated March 31, 2024 fiscal year end royalty and financial information:

6.4.1 This valuation of the Hipgnosis Catalog and the separate calculation of Operating Net Asset Value reflect updated information including, but not limited to, the following:

(a) On April 24, 2024, Shot Tower was provided with updated royalty collections and invoice data through March 31, 2024 reflecting significant additional royalty data for the second half of calendar year 2023;

(b) Revised historical royalty data reflecting the allocation of invoices processed in fiscal year 2024 that related to prior year periods;

(c) Updated information on the resolution of select payment disputes providing increased confidence of increased cash flow in select catalogs;

(d) Updated information related to bonus payments, which may impact potential bonuses due on select catalogs;

(e) More refined song-level royalty data on a gross basis (after administration expense, but prior to the payment of third-party royalties).

(f) More refined song-level royalty data on a gross basis (after administration expense, but prior to the payment of third-party royalties).

6.5 Recent Market Transaction Multiples

6.5.1 The following table presents the recent multiples for comparable music transactions relied upon in the Shot Tower Market Approach analysis:

**Exhibit 6.5.1 – Recent Music Transactions**

| Notable Music Publishing Transactions (2023 - 2024 YTD) | | |
|---|---|---|
| **Date** | **Trailing NPS Mult.** | **Nature of Rights** |
| 2024 | 19.0x/17.0x (EBITDA) | Partnership/JV with Admin |
| 2023 | 9.5x | Control |
| 2023 | 20.0x | Control |
| 2023 | 16.2x | Approx. 30% Passive |
| 2023 | 16.4x | Control |
| 2023 | 19.6x | Mixed |
| 2023 | 10.0x | Passive |
| 2023 | 20.0x | Control |
| 2023 | 16.3x | Mixed |
| **Average** | **16.3x** | |

| Notable Recorded Music Transactions (2022 - 2024 YTD) | | |
|---|---|---|
| **Date** | **Trailing NLS Mult.** | **Nature of Rights** |
| Pending | 14.9x | Label/JV |
| 2023 | 12.0x | Label/JV |
| 2023 | 14.0x | Catalog |
| 2022 | 15.5x | Catalog |
| 2022 | 12.0x | Catalog |
| 2022 | 9.0x | Catalog |
| **Average** | **12.9x** | |

| Hipgnosis Royalty Type | % Contribution | Market Multiple |
|---|---|---|
| Music Publishing | 89.3% | 16.3x |
| Recorded Music | 10.7% | 12.9x |
| **Weighted Multiple** | **100.0%** | **16.0x** |

## 7. Concluded Value

7.1 Based on our due diligence and analysis, the concluded fair market valuation of the Hipgnosis Catalog is **$1,890,455,524 to $2,138,993,051 with a midpoint valuation of $2,014,724,288.**

## 8. General Matters

8.1 Other than the Client, we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in accordance with this Summary Valuation Report or our statements given for the purposes of complying with Rule 29.4 of the Code.

8.2 The valuation is confidential to the Client and neither the whole, nor any part, of the Summary Valuation Report nor any reference thereto may be included in any published document, circular, or statement, nor published in any way, without our prior written consent, except as set out below.

8.3 This Summary Valuation Report complies with Rule 29 of the Code, and we understand that the publication or reproduction by the Fund of this Summary Valuation Report and/or the information contained herein as required by Rules 26 and 29 of the Code will be necessary.

8.4 Shot Tower Capital LLC has given, and has not withdrawn, its consent to the inclusion of this Summary Valuation Report in Rule 2.7 disclosures in the form and context in which it is included.

8.5 For the purposes of the Code, we are responsible for this Summary Valuation Report and confirm that to our best knowledge (having taken reasonable care to ensure such is the case) the information contained in this Summary Valuation Report is in accordance with the facts and contains no material omissions. This Report complies with and is prepared in accordance with the Code.

8.6 This Report and our valuation have been prepared on the basis that there has been full disclosure of all relevant information and facts which may affect them.

The opinion of value expressed in this Report is subject to the Limiting Conditions and assumptions contained herein.

Sincerely,

David R. Dunn
Managing Partner
Shot Tower Capital LLC

## Certifications of the Valuer

Shot Tower Capital LLC and the undersigned valuer certify to the best of my knowledge and belief:

(i) Subject to the limiting conditions set forth herein, the statements of fact contained in this report are true and correct.

(ii) The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

(iii) I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved other than in connection with our engagement by the Client.

(iv) Other than in connection with our engagement by the Client, I have not been engaged as an appraiser or in any other capacity, regarding the property that is the subject of this Report within the three-year period immediately preceding acceptance of this assignment.

(v) I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

(vi) My engagement in this assignment was not contingent upon developing or reporting pre-determined results.

(vii) My compensation for completing this assignment is not contingent upon the development or reporting of a pre-determined value or direction in value that favors the cause of the Client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

(viii) My analyses, opinions, and conclusions were developed, and this Report has been prepared, in conformity with the *Uniform Standards of Professional Appraisal Practice*.

(ix) Assisting me in the preparation of this Report were principals and employees of Shot Tower Capital LLC, including Robert Law, Richard Roebuck, and William Ponsi.

Sincerely,

David R. Dunn
Managing Partner
Shot Tower Capital LLC

## Limiting Conditions

1. The valuation is provided as of the date hereof based on the assumptions described above and Shot Tower has no responsibility to update this Report for changes in market conditions (including changes in interest rates) or relevant changes to the Hipgnosis Catalog after the date hereof.
2. This Report is provided by Shot Tower to Hipgnosis Songs Fund Limited. This Report represents a summary of our full valuation report of the music rights owned by the Fund and has been prepared from materials provided to us by Hipgnosis Song Management Limited and other third-party sources including due diligence reports completed by BDO and Reed Smith. While significant due diligence was conducted, inconsistencies in data sources were noted. We do not undertake the responsibility to independently verify the accuracy of all of the information provided to us, and Shot Tower assumes no responsibility for the accuracy and completeness of any such information.
3. We relied upon certain public information and market data as part of our analysis, which were obtained from sources we believe to be reliable, but we make no representation as to the accuracy of such information.
4. Shot Tower's and the Fund's legal advisors' interpretation of the legal documents, the U.S. Copyright Act, and industry practice may be different than other interpretations or may ultimately be determined to be incorrect. We are not making any representations or warranties as to the quality, accuracy, or completeness of the legal documents reviewed or the interpretation of those documents, the U.S. Copyright Act, common law, or music industry practices.
5. The Client acknowledges that Shot Tower was not retained to provide any tax, legal, accounting, or other specialist or technical advice. The parties acknowledge that Shot Tower is not acting in a fiduciary capacity with respect to the Client and that Shot Tower is not assuming any duties or obligations other than those expressly set forth in its engagement letter with the Client. Shot Tower will not be responsible for the underlying business decision of the Client to affect any transaction or for the advice or services provided by any of the Client's other advisors or consultants.
6. We have made a series of assumptions regarding: (i) industry growth expectations over the short and long-term; (ii) the long-term growth prospects and marketability of the individual catalogs that comprise the Hipgnosis Catalog; (iii) discount rates and investor target returns; and (iv) the leverage available for music assets of the type comprising the Hipgnosis Catalog. In addition to applying our own experience and opinions, we sought guidance from lenders, asset/backed securitization professionals, industry executives, and financial analysts as we developed our assumptions.
7. Income forecasts represent our estimates of future income and Retained Net Revenue. While our assumptions and estimates were made in good faith, they represent predictions of future events which are unknowable. We cannot guarantee that our assumptions will prove accurate and that our forecasted levels of revenues, earnings, and cash flow will be achieved. We make this point with particular regard to longer-term forecasts, recognizing the significant disruption that the music industry has experienced historically and the potential for future unforeseen changes in consumer preferences or pricing models.

## Credentials

David Dunn is a founding member and the managing partner of Shot Tower Capital LLC, a leading music industry-focused investment banking and advisory firm. Mr. Dunn has completed in excess of 125 merger and acquisition and financing transactions with an aggregate value exceeding $70 billion. Mr. Dunn has valued numerous music publishers, music labels, and catalogs for both corporate and estate tax matters.

Mr. Dunn started his investment banking career at Deutsche Bank/Alex. Brown and has focused exclusively on the media sector since 1998. Prior to entering the field of investment banking, David was a corporate attorney at Hogan Lovells and an economist for the Bureau of Labor Statistics. He holds a BA in Economics with a minor in Fine Art from Bucknell University and received a JD summa cum laude from The American University Washington College of Law. David is a member of the Maryland Bar (non-practicing) and a FINRA General Securities Registered Representative and Principal (Series 7, 24, 62, 63, 79).

Mr. Dunn is widely regarded as an expert in music industry finance and has been included on the Billboard Power 100 list comprised of the 100 most powerful executives in the music industry in multiple years and was peer nominated as one of the top 20 most influential executives in both 2023 and 2024. Mr. Dunn has presented on the topic of music valuations at numerous conferences including the American Society of Appraisers, and his work has been cited in numerous business valuation and academic reports.

Additionally, Mr. Dunn has advised on many of the largest music purchase and sale transactions of the last decade. Select recent music industry experience includes representing Mavin Records in its sale to Universal Music Group, the Estate of Michael J. Jackson in the formation of a new joint venture with Sony Music, the sale of Mojo Music and Media to Concord Music Group, the financing of Position Music by Vesper Company, the formation of a new recorded music joint venture between Concord Music Group and Pulse Music, the sale of the James Brown catalog by the Estate of James Brown to Primary Wave, the sale of EMI Music Publishing to Sony Corporation, the sale of Imagem Music to Concord Music Group, the sale of the Estate of Michael J. Jackson's 50% interest in Sony/ATV Music Publishing (including the Beatles' songbook) to Sony Corporation, and the purchase of EMI Music Publishing from Citigroup by an investor consortium.

In addition to valuations completed in connection with the above referenced transactions, Mr. Dunn has provided music and name and likeness valuation services to, among others, the Estates of Aretha Franklin, Michael J. Jackson, Mac Miller, Lisa Marie Presley, Prince, Phillip Spector, Elizabeth Tayor, and Robin Williams.

## Exhibit A

## Additional Valuation Analysis

# Overview of the Hipgnosis Catalog

## Valuation

- **The Fund's catalog (the "Catalog" or the "Hipgnosis Catalog") represents a high-quality mix of catalogs containing copyrights and income streams derived from compositions performed by some of the top artists of the last 50 years.**
- **The Hipgnosis Catalog contains a mix of rights, vintages, artists, and genres.**
- **<u>Catalog Attributes:</u>**
  - Extremely long-duration of rights, with most works purchased directly from songwriters;
  - 39.1% of catalogs, representing 55.6% of net royalties, represent works associated with Legendary and Superstar artists in the Rock / Pop genre, resulting in a higher percentage of income from synchronization;
  - Although younger vintage catalogs have decayed significantly since acquisition, the decay trend is stabilizing, which has returned the overall Catalog to positive growth;
  - There are 20 catalogs with substantial control rights, and in many cases additional royalties, returning to the Fund upon the expiration of existing agreements with other publishers.
- **While an attribute of many catalogs assembled through acquisition, the Hipgnosis Catalog does have meaningful income generated by streams where the copyright is owned by another music company.**

## Top Artist Catalogs

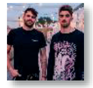

***Red Hot Chili Peppers***
Purchase Date: July 2021


***Shakira***
Purchase Date: December 2020

***RedOne***
Purchase Date: July 2020

***Journey***
Purchase Date: January 2020

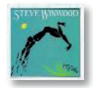
***50 Cent***
Purchase Date: October 2020



***The Chainsmokers***
Purchase Date: March 2020

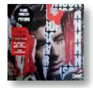
***Richie Sambora***
Purchase Date: March 2020

***Christine McVie***
Purchase Date: July 2021



***Steve Winwood***
Purchase Date: September 2020

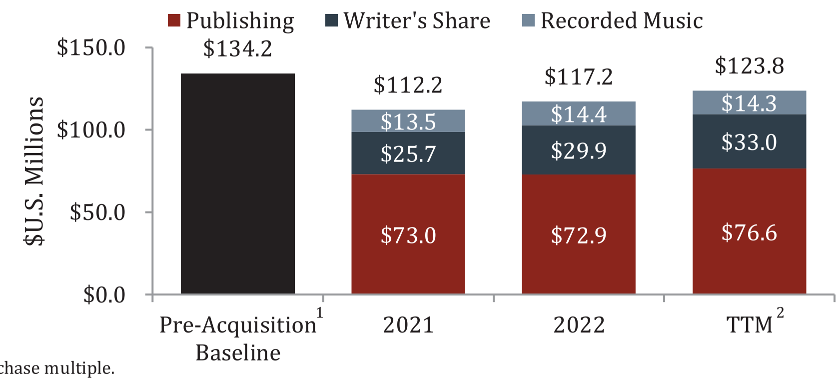
***Lindsey Buckingham***
Purchase Date: December 2020



***Mark Ronson***
Purchase Date: February 2020

***Neil Young***
Purchase Date: December 2020

## Historic Growth Trends




1. Baseline reflects the IA's assumed pre-acquisition royalties prior to acquisition for the purposes of calculating the purchase multiple.
2. TTM reflects trailing twelve-month net revenue after reduction of third-party royalties and administration costs at September 30, 2023, the most recent period for which complete royalty statements are available.

# Music Catalog Valuation Considerations

## Valuation

**Music catalogs comprised primarily of long-duration copyright ownership in works associated with Legendary and Superstar Rock / Pop artists trade at the highest valuations / multiples.**

**The Hipgnosis Catalog represents a very high-quality catalog, but has a meaningful portion of catalogs that contain only passive rights.**

### Factors Impacting Catalog Values

| | Nature of Control | Proximity to Source | Duration of Rights | Age of Repertoire | Genre |
|---|---|---|---|---|---|
| | ***Copyright:***[1,2] *38%*<br>***Returning Rts.:*** *13%*<br>***PRO/WRS:***[2] *39%*<br>***Artist Share:*** *4%*<br>***Producer/NR:*** *7%* | ***Direct:*** *25%*<br>***LOD:***[3] *70%*<br>***Individual/DACA:***[4] *5%* | ***Life of Copyright and Perpetual Royalty Streams:*** *98%*<br>***Avg. Duration of U.S. Copyright:*** *30+ years* | ***Income %:***<br>***10+ yrs:*** *68%*<br>***>10 yrs:*** *32%* | ***56% of Net Royalties Derived from Works Associated with Legendary & Superstar Artists*** |
| **Highest Value** | **Full Control** | **Direct From Source** | **Long-Term** | **Stable Earnings** | **Mass Appeal** |
| | Copyright or Master Ownership | Direct from Source | Owned for Life of Copyright / Perpetual Income Stream | Vintage 7+ Years | Pop and Rock |
| | Co-Publishing | Direct Source (Co-Pub with Admin)<br>From Copyright Owner (Co-Pub w/o Admin) | Long-Term Contractual Right to Exploit | Released 2-7 Years Ago (Past Initial Peak, but Still Decaying) | Latin and Hip-Hop (Stream Well, Fewer Synchs) |
| | Writer/Artist Share of Royalties (Approval) | From Copyright Owner (with Letter of Direction)[3]<br>Direct Access Control Account (DACA)[4] | Owned Life of Copyright Nearing Reversion | Released <2 Years Ago (Experiencing Big Declines From Peak) | Country and Native Language |
| | Writer/Artist Share of Royalties (No Approval) | Writer/Artist/Producer (No LOD or DACA) | Short-Term Contractual Retention | Older Works Nearing Statutory Termination Dates | Christian, Classical/Jazz, and EDM |
| | Producer Share | Individuals Responsible for Paying Royalties | Short-Term Licensing or Administration Rights | Works Subject to Contractual Term (>15 years) | Production |
| **Lowest Value** | **Limited/No Control** | **From Individual (Writer, Artist, Producer)** | **Short-Term** | **Uncertain Earnings** | **Niche Appeal** |

1. Includes deminimus amount of master copyright.
2. Where Hipgnosis owns writer's share along with copyright, full interest is deemed copyright.
3. A letter of direction (LOD) is an instruction from a writer, artist, or producer to the copyright owner or party receiving payment to redirect that payment to the new owner of the income stream.
4. Where an LOD cannot be obtained, monies are paid in the writer / artist / producer's name to an account controlled by the new owner of the income stream known as a DACA.

# Nature of Ownership

## Valuation

**In our valuation, we categorized catalogs into three categories for valuation purposes:**

**(i) Catalogs generating income primarily from copyright with control (Control Catalogs);**

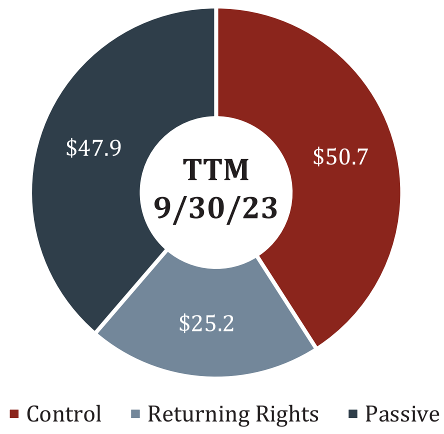
**(ii) Catalogs where the control rights will return to the Fund by 2030 (Returning Rights); and**

**(iii) Catalogs comprised of income primarily generated from passive royalty streams (Passive Catalogs).**

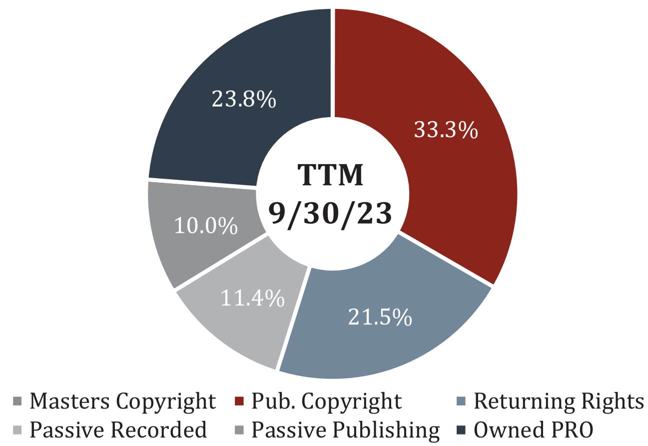
**The diagram at the bottom of the page illustrates control rights and the income flows associated with different types of rights to illustrate the rationale for the premiums associated with copyright ownership.**

### Retained Net Revenue By Ownership Type

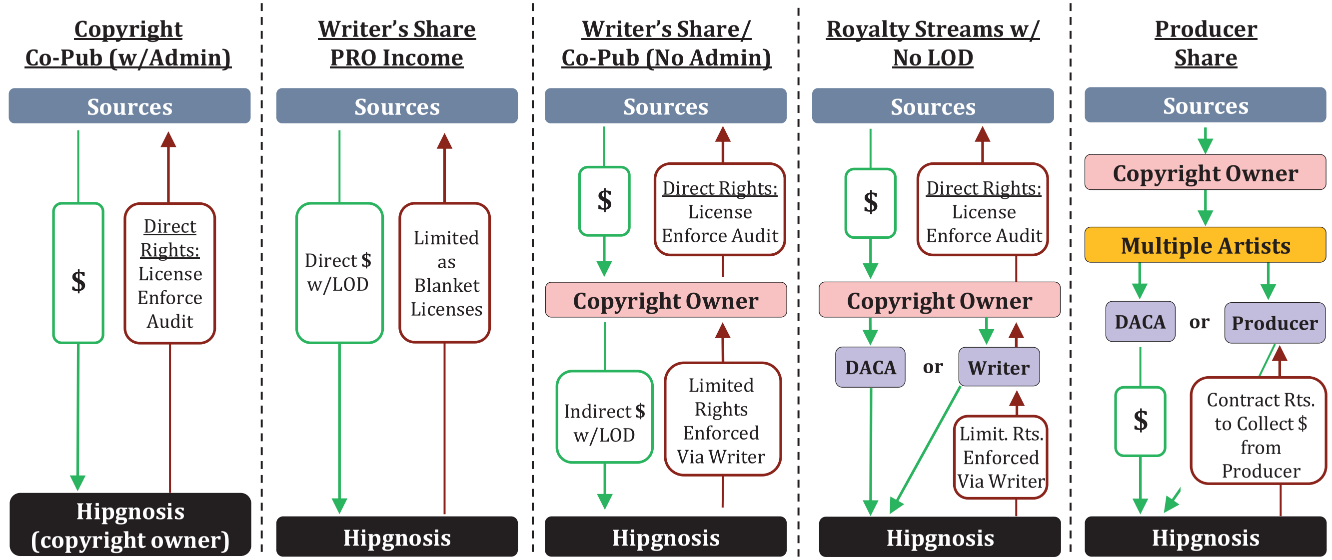
**Royalties Earned By Catalog Type**




**% of Royalties By Right Type (Full Catalog)**




### Proximity to Source and Control Based on Type of Right



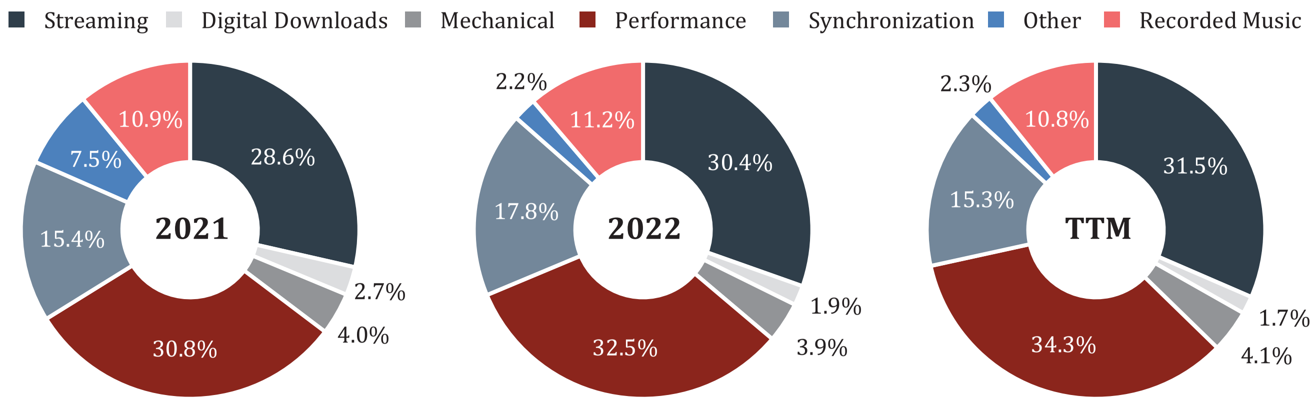
# Royalty Mix and Vintage

## Valuation

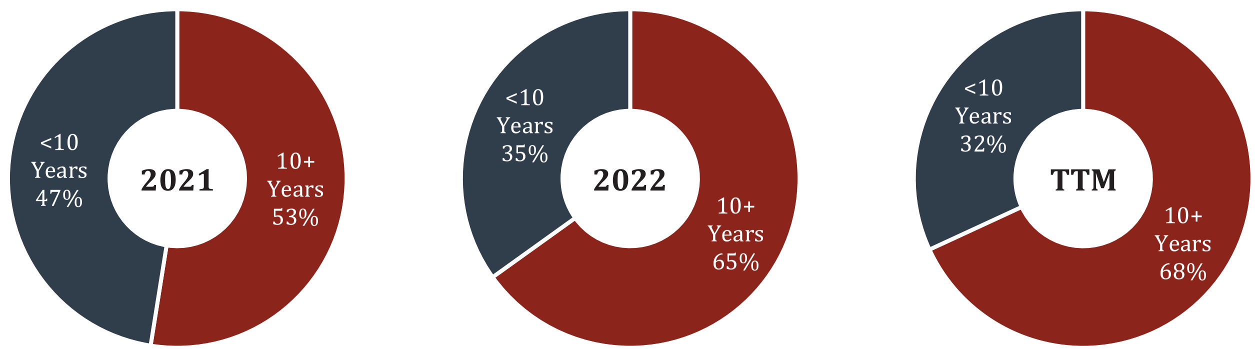
**Streaming represents the fastest growing royalty stream and has the greatest impact on a catalog's growth. This growth is reflected in the Catalog's income mix over the last three years.**

**The number of Hipgnosis catalogs with stable earnings is increasing, as more contemporary catalogs acquired by the Fund mature.**

### 2021 – Sept. 30, 2023 TTM[1] Retained Net Revenue by Income Type




### 2021 – Sept. 30, 2023 TTM[1] Retained Net Revenue by Vintage




1. TTM reflects the trailing twelve-month period ended September 30, 2023, the latest period for which complete source statements are available.

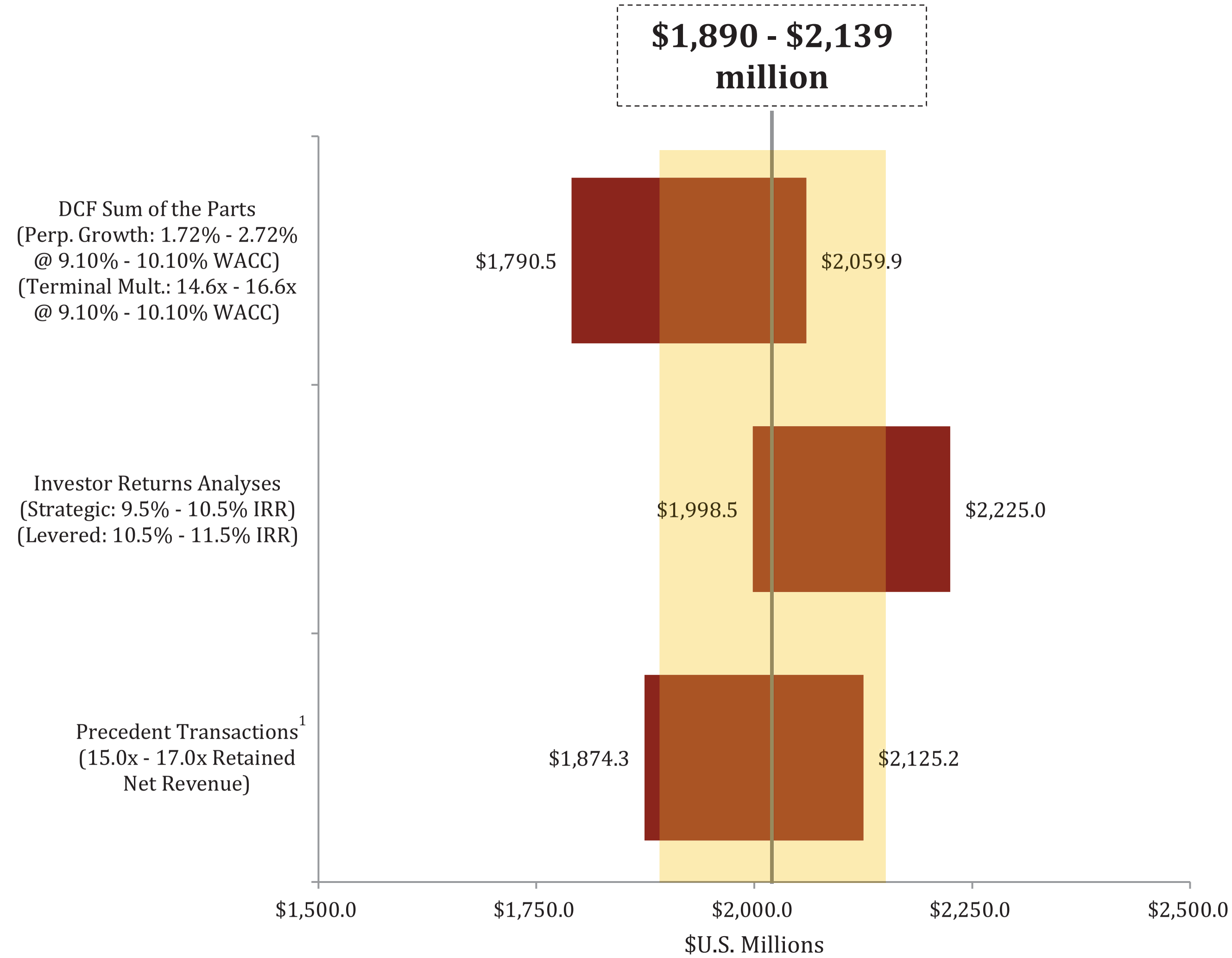
# Hipgnosis Catalog Concluded Value

## Valuation

**Based on royalty data provided to Shot Tower in April 2024 reflecting substantially updated 2023 calendar year royalty information, as well as the unaudited balance sheet as of March 31, 2024, our valuation for the Hipgnosis Catalog as of that date is $2.015 billion with an Operating NAV of $1.44 billion.**

| Valuation Assumptions | |
|---|---|
| Concl. Value Implied WACC | 9.25% |
| Sum of Parts Derived WACC | 9.60% |
| Tax Rate | 25.0% |
| Exit Multiple | 15.6x |
| Perpetuity Growth Rate | 2.22% |
| Strategic Returns IRR | 9.5% - 10.5% |
| Levered Returns IRR | 10.5% - 11.5% |

## The Hipgnosis Catalog Enterprise Value




1. Market multiple assumptions applied to 2023E earnings; multiple range based on TTM royalties as of September 30, 2023 is 15.3x – 17.3x.

# Catalog-by-Catalog Valuation Assumptions

## Valuation

- **Each catalog was reviewed on an individual basis and assumptions were assigned based on catalog specific characteristics, including:**
  - Whether the rights in a particular catalog represent copyright ownership with control exploitation or passive income streams;
  - The average age of the works in a catalog and if the income streams have fully stabilized post-release;
  - The stature of the specific works and the performing artists associated with the works within a catalog;
  - Whether a catalog has complicated collection issues impacting the ability to leverage the catalog and the potential risk of royalty collections;
  - In all cases, we assumed a corporate tax rate of 25% and the ability of a buyer to shield tax through amortizing the purchase price allocated to the intellectual property rights.
- **Below are indicative assumptions applied in our catalog-by-catalog valuation analysis. The most favorable assumptions were applied to owned copyright and the least favorable to high-risk catalogs which could not be individually leveraged. Because we were valuing the sum of the parts, leverage and cost of debt assumptions used to derive the discount rate are based on current bank financing terms (versus the full Catalog level valuation methods which reflect securitized debt assumptions).**

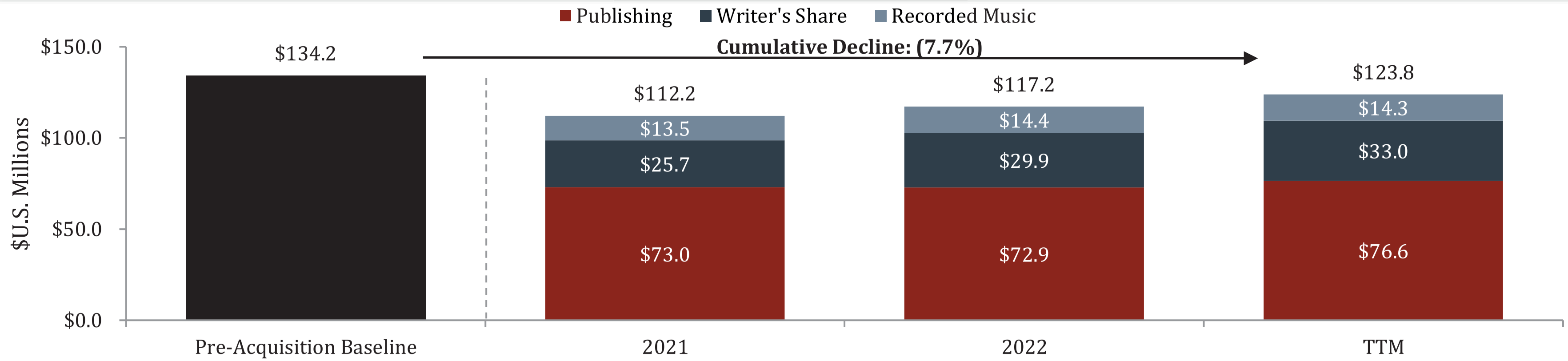
| Valuation Method | Applied Assumptions | Commentary |
|---|---|---|
| **DCF - Discount Rate** | (a) 8%-9%: Quality rights, stable<br>(b) 9%-10.5%: Less quality, moderate decay<br>(c) >10.5%+: Speculative, risk to income, decaying | For diversified, stable catalogs comprised primarily of copyright, we have seen buyers apply discount rates of +/- 9% in our sell-side transactions over the last 18 months. |
| **DCF - Terminal Multiple (Publishing/Recorded)** | (a) 17x+/14x+: Copyright, high quality<br>(b) 12x+/11x+: Passive, lesser quality<br>(c) <12x/11x: Shorter duration / lower quality | Terminal multiples are applied to the final year of the 5-to-10-year projected cash flows and tend to reflect a discount to current market transaction multiples. |
| **DCF - Perpetuity Growth** | (a) 2.25%-2.75%: Strong long-term growth<br>(b) 1.75%-2.25%: Normal (inflationary)<br>(c) <1.75%: Fading long-term growth | Typical, long-term inflationary growth rate. As long-term measures do not reflect current market values, this method tends to derive the lowest value of all methods. |

# Historic Financials

## Valuation

- Music catalogs are valued based on net publisher's share ("NPS") for compositions and net label share ("NLS") for sound recordings. The equivalent of NPS and NLS for the Hipgnosis Catalog is Retained Net Revenue.
- Shot Tower was provided with an updated royalty data file on April 24, 2024, reflecting all processed royalty data and invoices through March 31, 2024, which included substantial additional royalty data for the second half of calendar year 2023. Some of the amounts processed in the recent period related to prior years, resulting in a 0.7% increase in royalty data for the 2021 – H1'2023 calendar periods previously analyzed.
- The new royalty data reflects a continued trend with fewer younger catalogs experiencing substantial decay. Shot Tower's overall assessment is the Hipgnosis Catalog will experience growth over our projection period, with growth driven by streaming growth, cash flow returning to the Fund as rights with other publishers expire, and slowing decay in younger catalogs.
- Shot Tower expects the Hipgnosis Catalog to grow at a five-year compound annual growth rate ("CAGR") of 4.9%, reflecting continued decay in select younger catalogs, a lack of growth from new releases, and limited revenue from non-English language markets (which represent the highest growth streaming markets). Refer to the Appendix (page 10) for a discussion of applied growth assumptions.

### HISTORIC GROWTH[1]




1. Excludes divested catalogs and reflects adjustments made based on recent allocations of royalties processed late in fiscal year 2024, which have been allocated to historic periods.

# Other Methodologies and Assumptions

## Valuation

- **In order to mitigate the reliance on a single methodology highly impacted by the applied discount rate and a subjective assessment of risk, we also considered alternative valuation methodologies based on current market assumptions as applied to the entire Hipgnosis Catalog, including:**
  - A strategic investor returns analysis based on a midpoint internal rate of return of 10%, with our assumption derived from discussions with industry buyers;
  - A levered investor returns analysis applicable to a wider range of strategic buyers based on a midpoint IRR of 11% and assuming a securitized debt structure;
  - A market approach applying recent comparable, precedent market multiples to Shot Tower's estimated full year 2023 Retained Net Revenue.

| Valuation Method | Applied Assumptions | Commentary |
|---|---|---|
| Strategic Investor Returns | Range: 9.5% - 10.5% | Reflects current market based on STC discussions with strategic buyers. |
| Levered IRR (Securitized Terms) | Range: 10.5% - 11.5% (Rate: 6.65% / 60%+ LTV / Interest Coverage 1.4x) | Reflects current market based on STC discussions with strategic buyers and banks. |
| Market Multiple | Publishing Multiple: 16.3x<br>Recorded Multiple: 12.9x<br>**Hipgnosis Weighted Multiple:** 16.0x | Market data derived from public sources, discussions with strategic buyers, and internal Shot Tower data. |

- **Based on a sum of the parts, individual catalog valuations were derived using both the terminal multiple and perpetuity growth rate methodologies, as well as the full Catalog valuation methodologies described above, we derive our conclusion of value by averaging all methods.**
- **Shot Tower's concluded value aligns with current market multiples and the 9.25% discount rate implied from the midpoint of our concluded valuation range is in line with our weighted average cost of capital calculation of 9.16%.**

# Other Methodologies and Assumptions

## Valuation

- **In addition to the assumptions applied in each methodology, Shot Tower also considered the following:**
  - Passive Catalogs: The high proportion of passive rights may impact the interest of some strategic buyers;
  - Match Right / Call Option: The Investment Advisor's match right / call option could impact the participation of some interested parties;
  - No Negative IA Transition Impact: The potential negative impact on royalty income that could result during the transition from the Investment Advisor to a new investment advisor;
  - Amortization of Purchase Price: The transaction can be structured in a manner that allows a buyer to amortize the full value of the Hipgnosis Catalog through a step-up;
  - U.S. Copyright Terminations: Based on a review of termination rights, we assumed an average remaining life of 32 years for the U.S. share copyrights interests;
  - Catalog Bonus Provisions: Catalog bonuses expected to be paid on select acquisitions. These are now reflected in the March 31, 2024 balance sheet and are taken into account in the Operating NAV calculation as of that date;
  - Non-Payment of Royalties: There are catalogs where income is not flowing as a result of disputes or issues preventing letters of direction from being honored. We are providing credit for future cash flows for the catalogs where settlements have been reached or letter of direction documentation is now signed. No credit is provided for disputes where resolution does not appear to be imminent; and
  - Writer Advances: HSG's recoupable advance balances have been adjusted by the IA and are now reflected in the assets of the March 31, 2024 balance sheet. We have not included the balance sheet value of these expected collections in our catalog valuation, but the revised carrying balance for these advances is reflected in the Operating NAV calculation as of March 31, 2024.

# Appendix A: Detailed Growth Assumptions Rationale

SHOT TOWER CAPITAL

- **The information below outlines the adjustments and methodology used to develop our baseline growth projections based on Goldman Sachs' forecast and discussions with industry executives:[1]**
  - *Streaming Royalties:* Our projections assume streaming growth on music publishing catalog assets equal to 50% of Goldman Sachs' recorded music streaming growth rate. The 50% discount was applied to reflect the static nature of the Hipgnosis Catalog and was based on a historical comparison of recorded music growth for high-quality, vintaged recorded music catalogs, as compared to the IFPI reported actual recorded music growth from 2016 – 2021. Our analysis suggests static, iconic catalogs grew at 47% of the overall global industry growth rate. Applying a 50% discount to the Goldman projections resulted in catalog growth for streaming from 2023 – 2025 of 6.4% per annum. Based on discussions with publishing industry CFOs, we increased our growth rate to 11.0% in these years based on expectations of MLC benefits and the payment of CRB settlement monies in late 2024, as well as to reflect recent price increases by streaming services. Final adjustments were made to our 2023 estimate based on the 2024 IFPI report. We have not reflected potential risks associated with Spotify's recent announcement of its intent to bundle audio books with music, which may result in a reduction in royalties paid to owners of music intellectual property;
  - *Downloads / Physical Royalties:* We relied on Goldman Sachs' growth estimates for physical and download royalties, adjusted for the recent 2024 IFPI report. We also confirmed the validity of these assumptions through discussions with industry executives;
  - *Performance Royalties:* Represents traditional performance from radio, television, bars and restaurants, and live performances. With the COVID recovery and resurgence now behind us and music executives concerned about slowing royalty growth in traditional broadcast, we used a 3% growth rate, which was confirmed as reasonable through our industry discussions;
  - *Synchronization Income:* Goldman Sachs projected synch growth of 7% in 2023, declining to 5% thereafter. We talked to two industry executives with responsibility for synch at large music publishers, with one stating a target of 5% growth and the other 6%. With recently available Catalog data for full year 2023, as expected, the writers' and actors' strikes negatively impacted synch in 2023, but we are maintaining the same improved going forward projections as in our prior valuation;
  - *Writer's Share of Performance:* Represents the portion of performance royalties paid directly to songwriters through Performance Rights Organizations ("PROs"). We have assumed writer's share of performance growth mirrors that of publishing performance growth at 3% per year, which was confirmed as reasonable through our industry discussions;
  - *Owned Masters and Artist Royalties:* Reflects Goldman overall industry growth, adjusted for our 50% catalog growth reduction;
  - *Producer Royalties:* Same projections as owned masters and artist royalties, but excluding licensing income;
  - *Neighboring Rights Royalties:* Assumes a mix of growth rates associated with performance and digital performance income.

1. Goldman Sachs "Music in the Air," June 28, 2023.

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