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

Hipgnosis Songs Fund announces debt refinancing

3 October 2022

The Board of Hipgnosis Songs Fund Limited, the first UK listed investment company offering investors a pure-play exposure to songs and associated intellectual property rights, and its Investment Adviser, Hipgnosis Song Management Limited, are pleased to announce the successful refinancing of the Company's debt facilities.

The Company has entered into a new Revolving Credit Facility (RCF) with a commitment of US\$700 million which runs for five years until 30 September 2027. The facility will be used to refinance, in full, the Company's pre-existing RCF and for working capital purposes. In accordance with the Investment Policy, any borrowings by the Company will not exceed 30% of the value of the net assets of the Company.

Interest on the new facility charged is based on the Secured Overnight Financing Rate (SOFR), published by the New York Federal Reserve, plus a margin of between 2.00% and 2.25% depending on the gross drawn debt. The initial margin will be 2.00%.

In addition, the Company is in advanced talks to fix the majority of its interest rate exposure by entering into interest rate swaps to hedge the interest on the Company's drawn debt. The Company expects the completion of this transaction shortly and will update the market in due course.

City National Bank was lead arranger and sole bookrunner for the new debt facility with Truist Securities, Inc., MUFG Union Bank, N.A. and Fifth Third Bank as co-leads.

As reported in the Company's Financial results, at 31 March 2022 the Company's gross debt was \$600 million. The credit margin on this debt was 3.25% over a floating rate based on the London Interbank Offered Rate (LIBOR). Net debt as a percentage of Operative NAV at 31 March 2022 was 25.4%.

Merck Mercuriadis, CEO and Founder of Hipgnosis Song Management said:

"In an increasingly unpredictable debt market, this deal materially reduces our interest margin and the swaps we hope to close imminently provide long term certainty and a stable platform to take advantage of our industry's tailwinds.

"The continued growth in streaming and additional revenue streams from digital platforms, irrespective of macroeconomic conditions, coupled with the improved terms of our new RCF is very encouraging for SONG and will deliver value to our shareholders as income from our portfolio of songs increases."

Chris Helm, CFO (SONG) of Hipgnosis Song Management said:

"Our new debt facility reduces the interest margin and provides added flexibility and headroom for the Company.

"This is a strong commitment from both our new and old lenders and we would like to thank them for their support."

Jim Irvin, Senior Vice President, City National Bank said:

“We are extremely optimistic about Hipgnosis Songs Fund’s growth and potential, which is why City National Bank is pleased to provide debt refinancing. The new revolving credit facility will reduce the margin on the company’s debt at a time of interest rate volatility and ensure SONG delivers superior value for shareholders into the future.”

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Notes to Editors

About Hipgnosis Songs Fund

Hipgnosis, which was founded by Merck Mercuriadis, is a Guernsey registered investment company established to offer investors a pure-play exposure to songs and associated musical intellectual property rights. The Company has raised a total of almost £1.3 billion (gross equity capital) through its Initial Public Offering on 11 July 2018, and subsequent issues in April 2019, August 2019, October 2019, July 2020, September 2020, February 2021 and July 2021. In September 2019, Hipgnosis transferred its entire issued share capital to the Premium listing segment of the Official List of the FCA and to the London Stock Exchange's Premium segment of the Main Market, and in March 2020 became a constituent of the FTSE 250 Index. Since April 2021, the Company has been resident in the UK for tax purposes and is recognised as an investment trust under applicable HMRC regulations.

About Hipgnosis Song Management Limited

The Hipgnosis Songs Fund's Investment Adviser is Hipgnosis Song Management Limited, which was founded by Merck Mercuriadis, former manager of globally successful recording artists, such as Elton John, Guns N' Roses, Morrissey, Iron Maiden and Beyoncé, and hit songwriters such as Diane Warren, Justin Tranter and The-Dream, and former CEO of The Sanctuary Group plc. The Investment Adviser has assembled an Advisory Board of highly successful music industry experts which include award winning members of the artist, songwriter, publishing, legal, financial, recorded music and music management communities, all with in-depth knowledge of music publishing. Members of Hipgnosis Song Management Limited Advisory Board include Nile Rodgers, The-Dream, Giorgio Tuinfort, Starrah, David A. Stewart, Poo Bear, Bill Leibowitz, Ian Montone and Rodney Jerkins.

About City National Bank

With \$91.2 billion in assets, City National Bank provides banking, investment and trust services through 68 branches, including 22 full-service regional centers, in Southern California, the San Francisco Bay Area, Nevada, New York City, Nashville, Atlanta, Washington, D.C. and Miami*. In addition, the company and its investment affiliates manage or administer \$83.0 billion in client investment assets. City National is a subsidiary of Royal Bank of Canada (RBC), one of the world's leading diversified financial services companies. RBC serves more than 17 million personal, business, public sector and institutional clients through offices in Canada, the United States and 27 other countries. For more information about City National, visit the company's website at cnb.com.

*City National Bank does business in Miami and the state of Florida as CN Bank.