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

Hipgnosis Songs Fund announces interest rate hedging

5 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 that further to the announcement of the refinancing of its Revolving Credit Facility (RCF) made on 3 October 2022, the Company has now completed interest rate swap agreements which provide increased certainty over the cost of the Company's debt.

- Until 2 January 2023, interest on all the drawn debt is fixed at 5.71% (including debt margin).
- From 3 January 2023, the company has entered into interest rate swaps to hedge \$540 million. Of this, \$340 million is hedged for the duration of the RCF (until 30 September 2027) at a fixed rate of 5.67% (including debt margin); a further \$200 million is hedged until 3 January 2026 at a fixed rate of 5.89% (including debt margin). The balance remains unhedged to provide flexibility in the operation of the RCF facility.

The cost of arranging both the RCF and the interest rate hedge has been added to the principal amount drawn under the RCF. The interest rate hedging contracts are not subject to margin calls in the event of movements in underlying interest rates. Accordingly, the Company now has certainty as to the quantum of its fixed interest payment obligations over the term of those contracts.

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

"Together with the completion of our new Revolving Credit Facility, executing these swaps concludes our refinancing. As debt markets have become increasingly unpredictable during the course of 2022, these new agreements provide long term certainty and a stable platform to take advantage of the Music industry's tailwinds."

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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.