

RNS Miscellaneous



Net Asset Value and Portfolio Update

HARMONY ENERGY INCOME TRUST PLC

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Harmony Energy Income Trust plc ("HEIT" or the "Company")

Net Asset Value and Portfolio Update

Harmony Energy Income Trust plc, an externally managed company that invests in energy storage assets in Great Britain, today announces that its Net Asset Value ("**NAV**") as at 30 April 2022 was 108.90p per share.

Highlights

- NAV increased by 8.85% to £228.69 million, or 108.90p per share, up 8.85p per share over the three months from 31 January 2022;
- NAV increase for this quarter is primarily driven by increasing revenue projections. Independent projections have increased by 27% (in NPV terms) compared to the previous projections (November 2021). The Investment Adviser has agreed a corresponding 17% uplift in its own projections with the independent valuer;
- The NAV increase in this quarter is also driven by the revaluation of the Farnham (20 MW / 40 MWh) and Rusholme (35 MW / 70 MWh) projects to reflect lower risk as these projects are now categorised as "under construction", along with the Pillswood and Broadditch projects; and
- As previously announced on 3 May 2022:
 - target commercial operations date of the Pillswood project has accelerated across both phases, especially phase II, which is brought forward from March 2023 to November 2022;
 - target commercial operations date of the Rusholme project has been delayed by circa 3 weeks;
 - the Little Raith project and the first pipeline project (99 MW / 198 MWh, the "**Advanced Project**") have agreed delivery dates and key commercial terms with Tesla;
 - Little Raith project is intended to contract in upcoming quarter;
 - the Advanced Project is also expected to be acquired and contract in the next two months, which (subject to completion) would result in an expected further NAV increase of circa 8p per share;
 - commercial terms agreed for a £60 million debt facility with NatWest which will facilitate the construction of the Advanced Project; and
 - development of pipeline projects by Harmony Energy Limited (the "**Developer**") is progressing in line with expectations.

Portfolio Update

The delivery of the Seed Portfolio continues to progress well and the Company is on track to deliver target dividends in 2022 and 2023, with the first dividend expected to be declared in July 2022. Following the signing of EPC contracts for Farnham and Rusholme in April 2022, four projects are now categorised as "under construction" and targeting to commence operations in accordance with the table below.

Project	MW / MWh	Location	Target Commercial Operations Date	Status
Pillswood	98 / 196	Yorkshire	November 2022 ¹	Under Construction
Broadditch	11 / 22	Kent	December 2022	Under Construction
Farnham	20 / 40	Surrey	March 2023	Under Construction

Rusholme	35 / 70	Yorkshire	March 2023	Under Construction
Little Raith	49.5 / 99	Fife	October 2023	Shovel Ready
Total	213.5 / 427			

¹Pillswood project will be delivered as two phases of 49MW each

The Advanced Project is expected to be acquired by the Company once the final planning consent has been granted and upon execution of debt financing documentation. This will take the portfolio to 312.5 MW (625 MWh). By the end of 2022, the Company expects to have 109 MW of operating projects, 203.5 MW "under construction" and a pipeline of c.500 MW "shovel ready" projects ready for acquisition (subject to financing). All pipeline projects are expected to be at least 2-hour duration battery systems.

Market Commentary

In the three months ending 30 April 2022, revenues for battery storage assets in Great Britain have continued to be strong when compared to long-term historical averages, with February and April standing out. Ancillary service pricing has been particularly strong this quarter, leading to lower volumes traded in wholesale markets. April saw the launch of a new ancillary service, Dynamic Regulation ("DR"), which requires delivery of power for up-to one hour - longer than other ancillary services which only require delivery for 30 minutes. This requirement means that batteries must consider state of charge ("SOC") management when bidding into this service. As a result, the Contego project (a 2-hour battery partly owned by the Developer, utilising the Tesla Megapack technology and Autobidder platform) was the only battery able to bid full capacity into DR, leading to record revenues in April. Whilst pricing in DR is not expected to remain at these levels, the overall market outlook remains strong and independent revenue projections have increased as they factor in high gas prices, which are not expected to stabilise until 2026.

NAV Update for the period ended 31 January 2022

The Company's NAV as at 31 January 2022 was £210.11 million (100.05p per share). As at 30 April 2022, the unaudited NAV is calculated to have increased to £228.69 million (108.90p per share), representing a NAV total return of 8.85% over the period. This return was largely driven by increased revenue projections, which are 17% higher than previous projections (on an NPV basis), as well as a revaluation of the Farnham and Rusholme projects, which both benefit from fully executed EPC, O&M and revenue optimisation contracts with Tesla. Updated contractual arrangements with Tesla have increased costs which are partially offset by, inter alia: (i) an acceleration of the delivery timetable of the Pillswood project; (ii) improved warranty terms; and (iii) a reduction in fees payable by the Company to Tesla in relation to revenue optimisation across the portfolio. A further increase of circa 8p per share is expected upon acquisition and contracting of the Advanced Project, which is expected to occur within the next two months subject to completion.

Max Slade, Commercial Director of Harmony Energy Advisors Limited, commented: *"We are pleased with the increase in NAV over the period which not only reflects the construction progress of the portfolio but also the continuing positive trends for GB battery energy storage. We look forward to providing further updates in the near future."*

The Company's factsheet for 30 April 2022 is available on the Company's website at: <https://www.heitp.co.uk/investors/shareholder-documents>.

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About Harmony Energy Advisors Limited

The Investment Adviser is a wholly owned subsidiary of Harmony Energy Limited.

The management team of the Investment Adviser have been exclusively focussed on the energy storage sector (across multiple projects) in Great Britain for over six years, both from the point of view of asset owner/developer

and in a third-party advisory capacity.

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