

RNS Net Asset Value(s)



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[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, which invests in energy storage assets in Great Britain, today announces that its Net Asset Value ("**NAV**") as at 31 October 2022 was 122.77p per ordinary share and 98.45p per C Share.

Highlights

- Ordinary share NAV increased by 5.64% to £257.81 million, or 122.77 pence per ordinary share, up 6.55 pence per ordinary share over the three months from 31 July 2022;
- NAV increase for this quarter is primarily driven by:
 - a) increased revenue projections - projections have increased by 6% (in NPV terms) compared to previous projections (April 2022); and
 - b) mark to market valuation of the Company's interest rate swap in relation to its £60m debt facility from NatWest;
- During the period, construction of Pillswood progressed in line with the planned schedule and has now (post 31 October) been successfully energised. As the project was not operational as at 31 October, the discount rate for this project has not been revised in the NAV calculation as at 31 October. A revision will form part of the next NAV calculation;
- The Company remains on track to pay dividends in line with previously stated targets; namely a further 1 pence per ordinary share dividend in December 2022 in addition to the 1 pence per ordinary share paid in July 2022, increasing to 8 pence per ordinary share in 2023;
- In October 2022, the Company issued 14.78 million C Shares at a value of £1 per C Share (the "**C Share Issue**"). The C Share NAV is £14.54 million (98.45 pence per C Share, taking into account issue costs); and
- The Company expects to acquire 181.9 MW of "shovel ready" pipeline projects (subject to financing and due diligence) by the end of 2022 using the net proceeds of the C Share Issue. Post-acquisition, the Company expects to convert the existing C Shares to ordinary shares.

Portfolio Update

The construction of the Portfolio continues to progress well and the Company is on track to deliver its target returns in 2022 and 2023. As at 31 October, all projects within the Portfolio were categorised as "under construction" and targeting to commence operations in accordance with the table below. The Company expects to acquire 181.9 MW of "shovel ready" pipeline projects (subject to financing and due diligence) by the end of 2022. The Company intends to convert C Shares to Ordinary Shares shortly after acquisition of these three projects.

Project	MW / MWh	Location	Target Commercial Operations Date	Status (as at 31.10.2022)
Existing Portfolio				
Pillswood	98 / 196	Yorkshire	Q4 2022	Under Construction (post-period now energized)

Broadditch	11 / 22	Kent	Q4 2022	Under Construction
Farnham	20 / 40	Surrey	Q1 2023	Under Construction
Rusholme	35 / 70	Yorkshire	Q3 2023	Under Construction
Bumpers	99 / 198	Bucks.	Q3 2023	Under Construction
Little Raith	49.5 / 99	Fife	Q4 2023	Under Construction
Sub-Total	312.5 / 625			
Short Term Pipeline (acquisition expected by end 2022)				
Wormald Green	33 / 66	Yorkshire	Q1 2024	Exclusivity
Hawthorn Pit	50 / 100	County Durham	Q2 2024	Exclusivity
Rye Common	99 / 198	Surrey	Q4 2024	Exclusivity
Sub-Total	182 / 364			
Total	494.5 / 989			

Market Commentary

The Revenue performance of battery storage assets in Great Britain remains at a higher level than the Company's long-term projections. However the average level of revenue has recently fallen from the historic highs seen in Q3. This is due to a combination of (i) consistent high wind generation across peak demand periods; (ii) low consumer demand due to warmer than expected temperatures; and (iii) high levels of natural gas storage across Europe. 2-hour duration batteries continue to outperform shorter-duration batteries on a £/MW/hr basis, the additional duration providing the opportunity to stack trading and ancillary services. Deployment of new batteries continues to fall short of National Grid Net Zero targets. This combined with continued issues with the French nuclear fleet create a positive near-term outlook for revenues as we move into the winter period.

NAV Update 31 October 2022

As at 31 October 2022, the Company's unaudited NAV is calculated to have increased by 5.64% to £257.81 million (122.77 pence per ordinary share), up 6.55 pence per ordinary share over the three months from 31 July 2022. This increase was largely driven by (a) an increase in revenue projections of 6% (in NPV terms) compared to previous projections (April 2022). A minor revision to the assumed commencement of operations for the Rusholme project slightly offset some of this increase by 0.50 pence per ordinary share. A 10.50% discount rate is applied to all projects (in line with previous guidance for in-construction projects). Although energised during November 2022, the Pillswood project has not be revalued as part of this update. A revision will form part of the next NAV calculation. C Share NAV is £14.54 million (98.45 pence per C Share).

The Company's factsheet for 31 October 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")

The Investment Adviser is a wholly owned subsidiary of Harmony Energy Limited. The Investment Adviser is an appointed representative of Laven Advisors LLP, which is authorised and regulated by the Financial Conduct Authority.

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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